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Fresh fears over Mexico's foreign debt, Page 10

World news — Business summary

Move to defuse Berlin tension

The three Western occupying powers in Berlin are in contact with the Soviet Union, seeking a formula to end the tensions created by East Germany's insistence that Western diplomats based there should carry passports when crossing to West Berlin.

For the second successive day, diplomats from Western embassies in East Berlin without a passport were being turned back by border police at crossing points.

However, there were clear signs that nobody wanted to escalate the present dispute into a serious showdown over the complex agreements that guarantee the Western presence in East Berlin. Page 2

Aid for farmers

EEC farm ministers gave their blessing for West Germany to give more national subsidies to its small farmers, although it means bending the rules to do so. Page 3

Sharing profits

British Ministers are considering another form of profit-sharing as an alternative to the method suggested by *Nigel Lawson, Chancellor of the* Exchequer, because of fears of its probable low take-up by employees. Page 23

Leader to go

Dutch Liberal Party is to replace its young leader Ed Nijpels after losing a quarter of its seats in last week's elections. Page 4

Kuwaiti lay-offs

Kuwait is to lay off 30,000 expatriate workers, mostly Arabs, because of falling revenue. Page 6

Thai sacking

Thailand Premier Prem Tinsulanonda dismissed Gen Arthit Kamlangek, commander of the politically powerful army. Page 6

Karachi blasts

Bombs blasted an American and two Saudi Arabian airline offices in central Karachi, killing one man and injuring four.

Basque threat

Basque separatist guerrillas said they would mount a sabotage campaign in Spain's holiday resorts this summer. Right-wingers threatened retaliation in the Basque country.

Soldiers killed

Seven soldiers were killed and nine civilians severely wounded when they were ambushed by communist *rebels in the northern Philippines.*

Belgian walk-out

Belgium's centre-right coalition government faced renewed unrest when secondary teachers in private and state schools joined other strikers and walked out in protest against its austerity plans.

Polish trial

Solidarity activist Czeslaw Bielecki, who has been force-fed in prison since last October, will be tried by a military court on charges of trying to overthrow the state by force.

Whaling protest

A protest ship named Moby Dick will set out in pursuit of Norway's whaling fleet in an attempt to disrupt the hunt for minke whales, the environmentalist group Greenpeace said.

Rome taxi strike

Rome's 2,000 taxi drivers went on strike in sympathy with a colleague who was robbed and stabbed, the 15th attack of its kind in the last three months.

Students held

Czechoslovak police are holding five Austrian students who distributed anti-nuclear leaflets in Prague.

Sperry accepts Burroughs takeover

SPERRY agreed to be taken over by US computer rival **Burroughs** after Burroughs increased its bid to \$4.8bn. or \$76.50 a share. The bid was substantially higher than an earlier offer of \$70 a share, worth \$4.4bn. Earlier story Page 29

DOLLAR fell in London to DM 2.2735 (DM 2.2750); FFr 7.24 (FFr 7.2425); SFr 1.8810 (SFr 1.8850), and to Y169.25 (Y169.65). On Bank of England figures, the dollar's index was unchanged at 116.7. Page 43

STERLING gained 1 cent in London to close at \$1.506. It also rose to DM 3.4250 (DM 3.4050); FFr 10.9050 (FFr 10.8350); SFr 2.8325 (SFr 2.82) and Y255 (Y253.75). The pound's exchange rate index rose 0.4 to 76.2. Page 43

WALL STREET: At 3pm the Dow Jones indsutrial average was up 15.36 at 1,838.65. Page 50

LONDON returned from its market *holiday to post a loss of 6.6 on the* FT Ordinary share index, which ended at 1,324.8. Gilts were marginally better. Page 50

TOKYO: The Nikkei stock average hit its fourth consecutive peak, adding 57.86 to close at 16,467.35. Page 50

GOLD was unchanged at \$342.25 on the London bullion market. Page 42

NETHERLANDS said at UN talks on the African economy that it *would cancel \$80m in debt service* on loans if African countries agreed to policy changes.

SPAIN abolished a controversial labour authority that controls ports in a move likely to prolong a dock strike. Page 2

US FUTURES exchanges appear to have won a battle with their regulator on proposals for tighter capital requirements that had threatened to put many broking members out of business. Page 28

EEC has shifted its policy on trade in services and is pressing for an international agreement. Page 12

BHP, leading Australian diversified industrial group, has survived Bell Resources' A\$3.6bn (US\$2.6bn) takeover bid. Page 32

MORGAN GRENFELL: A fifth of the shares will be available to investors when the merchant bank is floated on the London Stock Exchange. Page 28

PREUSSAG, West German metals, energy and transport concern, tumbled into loss after the collapse of the tin market late last year, amid generally weak metals prices and the decline of the US dollar. Page 29

DOME PETROLEUM: Concern that one or more of Dome Petroleum's 56 creditors may call in its loans has led to calls on the Canadian Government to intervene in tense negotiations on the future of the debt-laden Calgary oil and gas producer. Page 29

AUTOMOBILES PEUGEOT, subsidiary of the private French Peugeot car group, is seeking to reduce its management staff by more than 10 per cent. Page 29

SKANDINAVISKA Enskilda Banken, leading Swedish bank, increased operating profits by 62 per cent in the first four months of the year, helped by falling interest rates and booming activity on the Stockholm stock market. Page 29

MARLEY, UK tiles and bricks manufacturer, announced a proposed \$93.9m cash acquisition in the US aimed at strengthening its core building products business. Page 29

OECD: (Organisation for Economic Co-operation and Development) committee has put forward proposals for greater labour market flexibility in an attempt to cut unemployment in industrialised countries. Page 28

SWIRE Properties must preserve a banyan tree on the 174,000 sq ft Victoria army barracks site in Hong Kong's main business district as a condition of its HK\$1.05bn (\$134m) purchase of the land.

US warns Moscow it may abandon Salt 2 restrictions

BY REGINALD DALE, US EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday announced that the US would cease to observe restrictions *under the 1979 Strategic Arms Limitation Treaty* (Salt 2) – one of the principal restraints on the superpower arms race unless Moscow radically altered its behaviour in the next few months.

Washington could no longer continue to subscribe "unilaterally" to a "flawed" treaty that had been so grievously undermined by Soviet violations, Mr Reagan said. In future, the US would decide the structure of its strategic forces on the basis of the "nature and magnitude" of the Soviet threat, rather than treaty standards, he said.

Mr Reagan, however, gave the Soviet Union one last chance to save the treaty by announcing the retirement and dismantlement two ageing Poseidon submarines to keep the US within the treaty limits *after a new Trident submarine, the* Nevada, starts sea trials today.

Dismantling the submarines would keep the US in "technical compliance" with the treaty for some months, giving the Soviet Union more time to take corrective action, Mr Reagan said.

Meanwhile, the US would exercise the "utmost restraint" and continue to retire older weapons as new ones were introduced if national security requirements permitted.

If the Soviet Union changed its behaviour, Washington would "take account" of that as the US approaches the next treaty limit in the *autumn, when it equips the 131st B-52* heavy bomber with air-launched cruise missiles. The US would decide whether to breach the treaty at that point, in the light of Moscow's reponse to yesterday's announcement.

The White House however, said Moscow would have to act on three fronts if the US were to change its mind on disregarding treaty limits. The Soviet Union must start complying with the treaty, reverse its unprecedented arms build-up of the past few years, and allow progress in the Geneva arms control negotiations.

Administration officials said that one aim of Mr Reagan's move was to put pressure on the Soviet Union to agree to deep cuts in strategic weapons in the Geneva negotia*tions. Mr Reagan made clear that* he had always regarded the treaty as only an interim-arms control measure, pending a more comprehensive agreement in Geneva.

Yesterday's statement was clearly a compromise between the demands of hardliners in the Administration, who have always wanted Salt 2 scrapped, and advocates of the maximum possible efforts to pursue the arms control process with Moscow.

Given that Moscow has never admitted violating the treaty, and that it is unlikely to reverse its arms build-up, the hardliners appeared to *have an excellent chance of finally* having their way when the B-52 decision comes round late in the year.

The Salt 2 treaty, the centrepiece of President Jimmy Carter's arms-control policies, was denounced by Mr Reagan as "fatally flawed" in his 1980 election campaign. While it has never been ratified by the US Senate, both sides pledged not to undercut its provisions so long as the other did likewise.

Yesterday, however, the White House said the Soviet Union had undermined the treaty's entire foundations by "continued, uncorrected non-compliance."

For its part, the US had scrupulously complied with the treaty, but it had been a one-way street. "It is not our intention to continue down this road," said Mr Larry Speakes, *the White House spokesman.*

The US has frequently accused Moscow of a long list of treaty violations, including the development of two new land-based intercontinental missiles when only one is permitted and the illicit encoding of missile test data.

Yesterday, Mr Speakes accused the Soviet Union of also violating two treaties limiting nuclear testing, the chemicals weapons treaty,

Continued on Page 28

US angers allies as human contacts conference fails

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

A SIX-WEEK East-West conference on improving human contacts ended in Berne yesterday in an atmosphere of recrimination between the Soviet Union and the US and with strains between the US and its Western allies.

The cause of the trouble was the last-minute rejection by Washing*ton of what was described by del*egates as a modest compromise document, which all the other Western participants, in spite of their reservations, were prepared to accept.

The failure of the Berne confer*ence was yet another indication of* the current impasse in East-West negotiations, despite all the conciliatory hints by Mr Mikhail Gorbachev, the Soviet leader.

It comes at a time when the US-Soviet nuclear arms control negotiations in Geneva are deadlocked, when little or no progress is being made in the Vienna-based negotiations on reductions in conventional forces and when even the Stockholm conference on confidence-building measures appears to be bogged down.

To make matters worse, the Berne stalemate was as much due to disagreements between the Western allies themselves as to a *more predictable East-West con*flict. America's allies felt that the draft final document tabled by the neutral and non-aligned participants represented at least a limited amount of progress towards facilitating human contacts between *East and West.*

The document contained provisions for reducing bureaucratic obstacles to family visits abroad, tourism and professional travel and the easing of telecommunications and postal links.

However, Mr Michael Novak, the chief US delegate, said yesterday that adoption of the document would have been potentially dangerous. "If it had been accepted, the repercussions would have gone on for years," he said. "It would be worse to have a document where the loopholes will begin to hurt people."

One of the maion US objections was understood to be the absence of any provisions permitting the free emigration of Jews from the Soviet Union to Israel. The liberalisation measures in the final document referred only to human contacts between member states of the Conference on Security and Co-operation in Europe (CSCE), of which the Berne conference was an offshoot.

The split between the US and its allies was made all the more acute by the rejection of a last-minute appeal by Mr Hans-Dietrich Genscher, the West German Foreign Minister, to *Mr George Shultz*, the US

Continued on Page 28

US to set duty on Japanese chips

BY LOUISE KEHOE IN SAN FRANCISCO

THE US International Trade Commission ruled yesterday that the US semiconductor industry was being injured by the dumping of Japanese 64K dynamic random access memory chips at "below fair prices."

The ruling will trigger the imposi*tion of stiff dumping duties on Japa*nese imports of the widely used memory chips.

The conclusion of the anti-dumping case, filed a year ago by Micron *Technology, a struggling Idaho* semiconductor maker, comes as the US and Japan are expected to announce an agreement on their long-running dispute over semiconductor chips.

A final ministerial-level negotiating session is being held in Tokyo today. The meeting is expected to lead to an agreement in principle to settle disputes over Japanese dumping and US access to the \$9bn Japanese chip market.

As part of the agreement, it had been widely rumoured that the US *would be willing to waive dumping* duties on Japanese memory chips.

Japanese 64K D-rams exported to the US will now be subject to dump*ing duties ranging from 12 per cent* to 35 per cent of their current price.

The US Commerce Department has set dumping duties at 23 per *cent for NEC Corporation, 12 per* cent for Hitachi, 35 per cent for Oki, 13 per cent for Mitsubishi and 21 per cent for all other Japanese manufacturers.

The dumping duty represents the difference between prices charged by the Japanese companies over a prescribed period and the "fair value" of the devices as determined by the Commerce Department.

The 64k D-ram dumping case is the first of three major semiconductor dumping cases to reach a conclusion. In related cases, the US Administration has charged Japanese chip makers with dumping 256k D-rams, and three US chip makers have filed suit against Japanese companies for alleged dumping of Eproms, another type of memory chip.

In both of these cases, preliminary decisions have been made in favour of the US, and Japanese exporters to the US are currently required to post bonds equivalent to proposed dumping duty.

The anti-dumping suits have, however, already been seen to be *largely ineffective in protecting US* manufacturers from unfairly priced imports. Japanese companies have been able to sidestep dumping duties by assembling their products in third countries or in the US.

Since Micron Technology filed its anti-dumping suit last year, all but one of the big US chip makers has been forced to withdraw from the D-ram market by dropping prices. The 64k D-rams have also been widely replaced by next generation 256k D-rams

"It is clear that existing dumping rules do not work well in high-tech products like semiconductor chips," the US trade representative, Mr Clayton Yeutter, said last week. In the six to eight months that it takes to reach a decision on such cases, technology has moved on to the *next-generation product*, Mr Yeutter said.

US-Canada trade row, Page 12

Britain 'to persist' in efforts for Mid-East peace

By Andrew Whitley in Jerusalem

BRITAIN is to persist with its latest efforts to overcome the current deadlock in the Arab-Israel peace process. Mrs Margaret Thatcher, the UK Prime Minister, said yesterday, at the end of her visit to Israel.

The focus is expected to be on a search for an alternative Palestinian representation to Mr Yassir Arafat's Palestinian Liberation Organisation. Mrs Thatcher said the task was to find other genuine figures "truly representative" of the 850,000 West Bank Palestinians, prepared to negotiate the future of the territory with Israel and Jordan.

Yesterday, Mrs Thatcher repeated calls made earlier during her vis*it for "some kind of electoral pro*cess" on the West Bank to find authentic representatives of the resident Palestinians. The subject is a controversial one in Israel, on the grounds that elections would provoke more violence and would be exploited by the PLO.

In a radio interview, Mrs Thatcher suggested that one approach could be fresh elections to the Jordanian Parliament from the occupied West Bank – a move almost certain to be opposed by Israel.

The British Prime Minister, who on Monday night met eight senior figures from the Israeli-occupied territories, said the proposal for "some kind of a federation" between the West Bank and Jordan was the best way forward, because it was the most widely acceptable solution.

Reaffirming Britain's support for Palestinian self-determination, she nevertheless ruled out the possibility of an independent state as impractical.

Mrs Thatcher told a press conference in Jerusalem that she had been encouraged by what she had heard during her three-day visit to Israel – the first ever by a British Prime Minister in office – "to keep going" in helping restart peace negotiations.

She expressed her deep concern over the dangers resulting from a vacuum in the so-called Middle East "peace process," following King Hussein of Jordan's break with Mr Arafat in February.

Parallel, lower-level efforts are currently being made by the US to bridge the gap between Israel and Egypt over the Taba border dispute and thus pave the way for better relations between the two countries.

British officials have always made clear that there is no question of Britain replacing the US as the principal mediator, or peacemaker, in the Middle East.

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Lockout threat in Swedish industrial row

BY KEVIN DONE IN STOCKHOLM

PRODUCTION in Sweden's engineering industry, which accounts for almost half the country's exports, might be brought to a halt next week as a result of a threat made by employers yesterday to lock out more than 180,000 engineering workers from midnight on Tuesday.

The lockout, which will hit all engineering companies with more than 10 employees, is the employers' response to the earlier threat by Metall, the powerful engineering workers' union, to call out on strike 17,000 of its members at 19 of the country's leading export corporations including Volvo, Saab-Scania, Asea, Ericsson and Alfa-Laval.

The Metall strike is to begin at 11 *am on Tuesday, unless efforts by a* Government-appointed mediator are successful in averting the conflict.

The dispute is the result of disagreements over interpretation of the national framework settlement reached this year in the private sector by LO, the blue-collar workers' trade union confederation, and SAF, the Swedish employers' federation. That agreement allowed for wage increases totalling some 9 to 10 per cent over the two years 1986 and 1987, as well as a reduction in working hours for shift workers from 39 to 38 hours a week by mid-1988.

It was left to later negotiations to settle details of how the cash element should be divided. The engineering employers now claim that Metall's demands would break the agreed ceiling.

VF, the engineering employers' federation, said yesterday that it had been forced to threaten a lockout because the selective strike action threatened by Metall included key groups that could bring the whole production chain to a rapid halt.

It was feared that a strike at Volvo's engine plant, for instance, would quickly halt all car production, as would a strike at Saab-Scania's components plant for rear axles.

Mr Ake Nordlander, director of VF, said the lockout was a defensive measure and would only come *into force some 13 hours after the* start of the Metall strike.

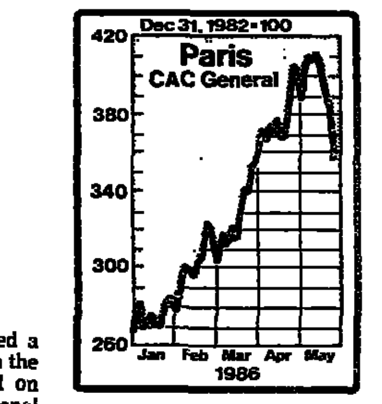
Meanwhile, strikes continued yesterday in Sweden's troubled public sector, where action by senior personnel employed by the local authorities including doctors, *dentists and social workers, is caus*ing disruption to the country's health service.

On Monday, the Government appointed a three-man mediation commission to oversee negotiations for all 1.5m public-sector workers, but by yesterday there was still no sign of a settlement in either the health service or the school system.

A series of wildcat strikes by teachers, and sit-ins and protest marches by pupils, have broken out at many schools around Sweden

Paris bourse halts decline

By David Housego in Paris



THE PARIS BOURSE managed a partial recovery yesterday from the bruising performance suffered on Monday as domestic institutional and overseas buyers moved back into the market in the hope of picking *up stock bargains.*

Brokers reported continued selling pressure by small investors unsettled by the 10 per cent drop in stock values during the previous two sessions.

French institutions such as the Caisse des Dépôts – through which the Government funds local authorities – and insurance companies featured strongly during the morning session, which is confined to large trades in 30 leading stocks.

Trading during the afternoon was extended by an hour to cope with strong foreign demand, although volume was expected to be below Monday's FFr 1.92bn (\$265 m).

Some shares that were suspended on Monday because of large order imbalances returned to trade and quickly lost ground. Dumez, the construction group, *fell FFr 230 to* FFr 1,290, while Chargeurs, the fi-

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Stock market report, Page 50

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De Mita steers democratic course

By James Buxton in Rome

ITALY'S Christian Democrats, the country's largest single party, were yesterday digesting the massive speech with which Mr Ciriaco de Mita, their leader, opened the party congress in Rome on Monday evening.

Mr de Mita, who spoke for more than 3½ hours, succeeded in steering a careful path between the different wings of his party. He told the party that he was anxious to regain the prime ministership—held by Mr Bettino Craxi, leader of the Socialist Party—but gave only vague indications of how he intended to do so.

The centrist Christian Democrats have occupied the prime minister's residence for only eight months since June 1981, although they are the biggest party in Mr Craxi's ruling coalition and have not been out of office since the Second World War.

The party has got over the traumas of 1983, when its share of the vote fell by almost six percentage points to 33 per cent in general elections. More united than in the past after a period of internal reform, it would like to use its new-found strength to modernise Italy's governing institutions.

Mr de Mita, an immensely shrewd but far from charismatic politician from Avellino, behind Naples, enjoys almost unprecedented power within the party. He appears to have gained the support both of those Christian Democrats who favour continuing the alliance with the Socialists and those who would like closer ties with the Communists.

He is the only candidate for the party secretaryship, a post he has held since 1982 and in pre-congress voting took 65 per cent of all the delegates' votes.

The second biggest party faction is headed by Mr Giulio Andreotti, the veteran politician who is Foreign Minister.

Allies seek solution to Berlin passport row

BY RUPERT CORNWELL IN BONN

THE THREE Western occupying powers in Berlin are in contact with the Soviet Union to seek a formula to end the tensions created by East Germany's insistence that Western diplomats based there carry passports when crossing to West Berlin. Allied diplomats believe the move is an attempt to achieve a change in the status of the divided city.

For the second successive day since the new regulation came into force on Monday, diplomats from Western embassies in East Berlin without passports, including West Germans from Bonn's "permanent mission" to East Germany, were being turned back by border police

However, there were clear signs that nobody wants to escalate the present dispute into a showdown over the complex agreements which guarantee the Western presence in East Berlin.

As on Monday, diplomats from Britain, France and the US, who enjoy special status in Berlin dating from the end of the Second World War, were yesterday being permitted to travel to the West carrying only the usual red accreditation card from the East German Foreign Ministry. Some were warned, however, that they would have to show a passport in future.

"This is a sign that the East Germans don't want to push things too far," one Allied diplomat commented. At the same time the three Western occupying powers are waiting to see how matters develop and what attitude is forthcoming from the Russians, whose occupation zone of East Berlin remains—in Western eyes at least. Barring a dramatic turn for the worse, speculation that the three might consider breaking diplomatic relations with East Germany was being firmly discounted last night.

Nonetheless, the three are treating the matter seriously. The Allies have no doubt that East Germany is attempting to gain something in status terms, as part of its long-running effort to see Berlin accepted as its capital and to elevate the city's division into an internationally recognised frontier. This the Allies will steadfastly resist.

The Foreign Office in London said that the measure violated the principle of free movement in Berlin. East Germany had no right to take such action, since East Berlin did not belong to East Germany and was not its capital.

So far talks with the Russians — on whose content diplomats refused to comment yesterday — have taken place between the three-nation allied commandatura in the West and the Soviet Embassy in East Berlin. West Germany is also being kept fully informed, while the British, French, US and West German foreign ministers will discuss the affair during the Nato foreign ministers' meeting in Halifax Canada, which starts today.

The passport requirement, the East Berlin Foreign Ministry claimed last night, was in response to Western requests that East Germany co-operate in the campaign against terrorism. The US insists that Libyan diplomats in East Berlin were involved with the April 5 attack on the La Belle discotheque in which two people, including an American soldier, died.

Ban on food exports 'will cost Polish farmers $200m'

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH hard currency export losses this year resulting from the EEC ban on food from Eastern Europe will reach $200m (£135m) according to an estimate quoted yesterday by Mr Jerzy Urban, the government spokesman.

The EEC is to review the ban imposed after the Chernobyl accident at the end of this month. Losses incurred by Poland in May will reach $50m.

Even though the official farmers union has asked the Government to consider compensating farmers for losses resulting from the slump in demand for fresh vegetables and milk, Mr Urban yesterday dismissed the idea.

"There is no basis in law for paying compensation," he said.

An official public opinion survey taken early in May, just after the Chernobyl accident, shows Poles divided in their view of the Government's handling of information about the fallout and the steps taken to counter the dangers to health.

The survey was taken in north eastern Poland, where the Chernobyl fallout hit first and hardest, and the published results from the Government's polling unit (CBOS) avoid mention of public attitudes to the Soviet authorities following their failure to give warning

The majority first heard of the accident from domestic media, but thereafter 31 per cent tuned into western Polish language radio stations for more information, while at the same time 85.6 per cent closely watched Polish television for official news.

Until then, 60 per cent had not given a thought or taken any interest in the consequences of a nuclear power-station accident

EEC damps hopes for Chernobyl compensation

BY QUENTIN PEEL IN BRUSSELS

FARMERS in the EEC hit by the fall out from the Chernobyl nuclear disaster cannot expect to be compensated from Community funds, farm ministers were warned yesterday.

Nor do the ministers have the authority to seek direct compensation from the Soviet Union, they were told. Only national governments are likely to be in a position to pay up, if they decide to do so.

Vegetable producers in Italy and dairy farmers with sheep and goats in Greece have been particularly badly affected by the combination of controls imposed to protect consumers from radiation and public concern over particular food products.

The EEC budget is heavily overcommitted and it would be improbable, if not completely unrealistic, to expect any money from that source, Mr Frans Andriessen, the Farm Commissioner, said.

He urged, however, that any national measures should respect Community rules.

The ministers tackled the problem of compensation as national ambassadors in Brussels struggled to agree on a new regime to control radiation of food imports into the Community.

The import controls are intended to replace the outright ban on food imports from Eastern Europe, which has been attacked in the General Agreement on Tariffs and Trade (Gatt) as discriminatory.

Compromise proposals for "safe" levels of radioactivity would put the figure at 600 becquerels for most food products

Patrick Blum adds from Vienna: Five Austrian students who had travelled to Czechoslovakia to distribute leaflets against nuclear power failed to return to Austria yesterday and have been detained by Czechoslovak police, the Austrian Foreign Ministry said yesterday.

Spain abolishes controversial port labour authority

BY TOM BURNS IN MADRID

THE Spanish Government yesterday published a decree law abolishing a controversial labour authority which controls Spanish ports. The surprise move seems likely to prolong the country's costly dock strike only weeks before the Spanish general election.

The announcement came the day before the end of the ten-day national strike which is estimated to have cost some Pta 25bn (£115m). A new ten-day stoppage organised by the threatened Office of Port Labour (OTP), which had been provisionally scheduled for June 3, now seems inevitable.

The OTP, which controls 9,000 dockers, is a resilient closed-shop survivor of the vertical syndicates organised according to corporate state principles during the Franco regime. It is viewed with hostility both by shipping companies and by the modern-day successors of syndicalism, the Workers' Commissions and the UGT trade union.

The decree law published yesterday in the official State Gazette legislated an end to the OTP over the next 12 months and its replacement by new companies in Spain's 27 major ports, which will be 51 per cent owned by the state and 49 per cent by the private sector.

The Government resorted to the decree law device, circumventing parliamentary debate, since the cortes were dissolved last month pending general elections on June 22.

Under the reform the OTP dockers will be employed by the new companies which will be responsible for supplying labour and for negotiating pay rates and conditions. The end of the OTP will also mean a reduction by a third of the present dock labour force. Some 3,000 men are to be made redundant under early retirement schemes.

The OTP dockers accuse the Government of reprivatising the sector and of scaling it down. The Government has also been accused of refusing to negotiate the legislation with the OTP and the summary abolition by decree law seems certain to further exacerbate the dispute.

The strike has been marked by considerable violence and has virtually paralysed the Spanish ports, particularly the African enclaves and the islands which depend on fresh food supplies from peninsular Spain. The new 10-day stoppage lacks the statutory 10-day notice for industrial action and is technically illegal. It will serve to fuel calls for an overhaul of Spain's strike legislation.

Tourist alert as Eta plans summer bomb campaign

BY OUR MADRID CORRESPONDENT

TOURISTS were urged yesterday to be vigilant following reports that Basque separatist guerrillas plan a bombing campaign this summer in Spanish resorts. They were advised, however, not to panic, as a similar operation last year had produced no serious incidents and the action was not caused by anti-tourist sentiment.

Clearly satisfied with the publicity it reaped last year with a small outlay of firework-type explosives, the Basque separatist organisation Eta pledged to conduct a "sabotage campaign directed at the tourism centres and infrastructure of the Spanish state."

Between May and June last year a total of 19 tiny explosive charges blew small holes in a series of beaches on the Costa Blanca. The blasts caused no serious damage, constituted a mild irritant to holidaymakers and prompted a surfeit of headlines about Eta in the European press.

A feature of this year's threat is that an anti-Eta death squad called Gal (the anti-terrorist liberation group), which has been responsible for murdering more than a score of Eta members over the past three years, has promised that it will lay down a bomb in the Basque country for every explosive that Eta plants on the Costas.

Spain is the most popular choice with British holiday makers this year after a poor 1985 hit by high prices, the Basque terrorist activities and reports of British holidaymakers being mugged.

The British Foreign Office said: "We are in regular touch with the Spanish authorities in whom we have full confidence. We are not advising British tourists against visiting Spain."

Ireland calls in army over dairy strike

By Hugh Carnegy in Dublin

THE IRISH Government yesterday moved troops into milk processing plants around the country to avert a crisis in the dairy industry threatened by a two-week-old strike by government inspectors and technical officers.

It was the second time in two days that the army was called in to maintain services hit by strikes in the public sector. On Monday, army engineers were brought in to ensure continuation of water and sewage services in Dublin when 4,500 corporation workers in the city went on strike after rejecting a phased annual pay offer of 7 per cent.

The dispute also halted refuse collection in the capital and soldiers were on standby to shift backlogs of rubbish.

Inspectors and technical officers from the Agricultural Department yesterday extended their action to the beef sector which, together with the dairy sector, makes up the bulk of Ireland's agriculture industry, accounting for exports worth more than I£2bn (£1.8bn) a year.

They are seeking payment in full of a series of arbitration awards made over several years but not accepted by the Government. Their strike has already halted the buying of dairy products into European Community intervention stocks, a vital prop for Irish farmers, and disrupted exports. A similar effect is expected on the beef side.

A report by the Department of Labour this week showed that the number of working days lost through industrial disputes in Ireland last year rose by about 20 per cent to 437,000, nearly half of these in the public sector.

Chirac: under pressure

Chirac bows to pressure from right on taxes

By David Housego in Paris

THE FRENCH Government of Mr Jacques Chirac found itself in continuing trouble yesterday when its own supporters in the National Assembly sought to push through amendments to this year's supplementary budget that would reduce tax receipts.

The Government, which has a majority of three in the parliament, had to give way in the face of pressure from right wing deputies and abolish a tax on gaming machines.

At the same time, President Francois Mitterrand again marked his distance from Mr Chirac by renewing his opposition to French participation in the US Strategic Defence Initiative (SDI). Mr Chirac last week said that France should not stand aside from a movement that was "inevitable and irreversible."

Strains also emerged in the relations between the Government and the business community when Mr Philippe Seguin, the Minister for Employment, warned industry that a failure to step up investment would sound the "death knell" for free market economics in France. Pressure from the business community forced Mr Seguin to a speedier dismantling of France's redundancy procedures than he personally would have liked in the interests of promoting investment.

The rough weather that the supplementary budget has run into in the National Assembly is indicative of the far more difficult time that the Government could have when the 1987 budget is put before deputies in the autumn.

Right wing deputies yesterday pressed the Government to abolish taxes imposed by the Socialists which they have long criticised — including taxes on business entertainment and an increased VAT assessment on luxury hotels.

But in the face of objections from its own rank and file it also had to water down a proposal for charging an entrance fee to those taking part in examinations for entry to the public service.

FINANCIAL TIMES

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EUROPEAN NEWS

TRANSYLVANIAN MINORITY PROBLEM DIVIDES WARSAW PACT NEIGHBOURS

Tensions rise over Hungarians in Romania

BY LESLIE COLITT

WHEN a senior Romanian Foreign Ministry official recently accused neighbouring Hungary of propagating the "revision" of their joint frontier, he noted ominously that in Europe "any attempt to change borders means war, world war."

The outburst reflected the growing tensions between the two Warsaw Pact countries over the 1.8m Hungarians who live in Romania. Concentrated largely in the fabled region of Transylvania they add up to one of Eastern Europe's most acute minority problems.

The Romanian officials' anger was directed against an article in a rather obscure Hungarian publication. The author allegedly disputed the legality of the Treaty of Trianon in 1920, under which Transylvania was ceded by Hungary to Romania. With Nazi Germany's support, the Hungarians occupied the region from 1940 to 1945.

In Budapest, a spokesman of the Patriotic Peoples Front denied that any Hungarian politician wanted to revise the country's borders. He noted gravely that it was a fundamental socialist principle that no nation could be free as long as it oppressed anyone. "Remember," he added, "I have not mentioned the name of any country."

Hungarians have long urged their Government to stop "turning the other cheek" and to speak out openly on behalf of the Hungarians in Romania. At the Budapest Cultural Forum last autumn Hungary abandoned its reticence and voiced concern over the treatment of the ethnic Hungarians.

In retaliation, however, Romania torpedoed the Hungarian draft document which was to have been adopted at the final session.

Hungary charges that its countrymen are being forcibly absorbed into the Romanian majority. The children of ethnic Hungarians, it is said, are deprived of their native language while Hungarian language publications in Romania are being eliminated.

Large numbers of Romanians are said to have been brought into Transylvania to reduce the Hungarian proportion of the population.

Hungarians wanting to visit their relatives in Transylvania report harassment at the border by Romanian officials, who sometimes refuse them entry. Direct bus links between Hungary and Transylvania were severed several years ago.

The Budapest Government has brought up these charges at the highest level with Romania, but Bucharest has replied by accusing Hungary of interfering in its internal affairs.

A visitor to Transylvania can discover evidence for the Hungarian complaints but also signs that Hungarian life in the region is far from being extinguished.

The many Hungarian churches in the city of Cluj are packed on Sundays, in stark contrast to the nearly deserted Romanian Orthodox Cathedral. Resident Hungarians say that religion gives them the strength to persevere.

A Hungarian opera house in Cluj caters to the city's estimated 90,000 Hungarians, a third of the inhabitants. Many of the Hungarians one meets occupy responsible positions

> 'Hungarian life in the region is far from extinguished'

as managers of shops and offices. They frequently occupy their own homes and better flats than the cramped new ones built for Romanians brought in from elsewhere to work in Cluj's factories.

At Cluj University there are 19 Hungarian staff lecturers in the language institute, compared with 18 lecturers for English and 20 for Russian.

Hungarian students note that secondary-school language instruction in their native language is inadequate and that they must take university entrance exams in Romanian. Officials in Bucharest reply that Romania is a "unitary" state which, much like the United States, does not recognise foreign languages for official use by its minorities.

By contrast several Hungarian language plaques prominently displayed in Cluj attest to the role Transylvania has played in Hungarian history. One of them marks the building where the Hungarian king, Matyas Corvin, was born in 1443.

Newly graduated ethnic Hungarians are offered jobs "beyond the mountains," in Bucharest, where they are quickly assimilated. A Romanian official, however, suggests that assimilation takes place not because anyone wants it but because of the pressures of industrial society.

Some Romanians in the region, while sympathetic to the lot of the Hungarians, hasten to add that Romanians are no better off under the worsening economic conditions. They suggest that sometimes the Hungarian minority is a bit touchy as the "former masters" in Transylvania. Undoubtedly the higher standard of living in neighbouring Hungary has also embittered the Transylvanian Hungarians.

However, unlike the severe tensions between Albanians and Serbs in Yugoslavia and between Bulgarians and their ethnic Turkish minority, there are few overt signs of friction between Romanians and Hungarians in Transylvania.

Inter-marriage is frequent, and there is no tradition of hostility between the two groups who have lived together in the fertile region for centuries.

Nationalist emotions instead are being aroused outside Transylvania by historical charges and countercharges in Romanian and Hungarian publications. Romanian officials point to textbooks in Hungarian schools, which include Transylvania in maps showing Hungary's flora.

Earlier this year the Romanians lashed out at Hungary for permitting a Budapest magazine to state that Transylvania was Hungarian territory which had been ceded to Romania.

They reminded the Hungarian authorities where the "revisionist, fascist, revanchist policy" of prewar Hungary had led.

Officials in Budapest acknowledge that Hungarian-Romanian relations have deteriorated to their worst point since 1945. But for the moment at least they are reluctant to press forward on behalf of the Hungarians in Romania. There is fear of awakening nationalist sentiments which lie just below the surface in Hungary.

Increased subsidies for W. German farmers agreed

BY QUENTIN PEEL IN BRUSSELS

EEC farm ministers yesterday gave their blessing for West Germany to give more national subsidies to its small farmers, although it means bending the rules to do so.

The German plan means that many more areas in the country —some 2.2m hectares — will be classified as "less favoured" and therefore eligible for special payments both from the national treasury and from Brussels. Some DM 125m (£36.7m) has been set aside by Bonn for the purpose.

Opponents see the deal, tacitly agreed as part of last month's farm price package imposing an overall price freeze, as the latest example of creeping "re-nationalisation" of the Common Agricultural Policy, allowing different levels of national aid.

The only outspoken critic at the Agriculture Council of Ministers yesterday, however, was Britain's Mr Michael Jopling, who questioned the criteria being used to reclassify the German farmland.

Less-favoured areas are supposed to suffer from poor soils, declining populations and low farmers' incomes. However, the German plan would include areas with almost twice the population density applied in other parts of the EEC.

Officials in Brussels see the moves as a blatantly political gesture by a West German Government concerned about its likely showing in next month's significant election in Lower Saxony, while Bavaria, the heartland of small farmers, votes later in the year.

Mr Gerrit Braks, the Dutch Farm Minister and chairman of the Council, defended yesterday's decision and the German criteria as justified by the higher population density inevitably associated with small farms.

The decision means that West Germany now has more than half its total farm land classified as "less-favoured"—a similar proportion to the UK. The French Government is also seeking reclassification of much of its poorer farmland, with the same intention of providing more national aid.

The German plan is part of a package which also includes DM 450m to help cut social security payments, in addition to the DM 125m for less favoured areas.

Before the change in criteria for the less favoured areas can be implemented, the European Parliament also has to give its opinion, although it does not matter whether it is positive or negative.

Danish budget set to show surplus

By Hilary Barnes in Copenhagen

THE Danish budget will show a surplus of Kr 300m (£23.8m) this year, the first surplus for 12 years, according to the Finance Ministry.

In 1983 the deficit peaked at 10.5 per cent of gross domestic product. Stabilisation of expenditure, increases in taxes and higher revenues generated by rising production and employment have produced a dramatic improvement unparalleled by any other country in the Organisation for Economic Co-operation and Development (OECD).

In January, the Government still expected a deficit this year of about Kr 14.5bn, but increases in energy taxes and other indirect taxes in April are now expected to eliminate the deficit.

● Consumer prices increased by 2.5 per cent from March to April, following increases in energy and other taxes in April. The increase in prices over 12 months was 4 per cent, compared with an increase over the 12 months to March of 1.7 per cent.

Dutch Liberal leader to go

THE Dutch Liberal party, junior partner in the ruling centre-right coalition, has decided to replace its young leader Mr Ed Nijpels after losing a quarter of its parliamentary seats in last week's elections, Reuter reports from The Hague.

Party chairman Mr Jan Kamminga said Mr Nijpels would make way for a new parliamentary chief when negotiations on renewing the ruling alliance with the Christian Democrats of Prime Minister Ruud Lubbers were complete.

Andriana Ierodiaconou reports on divisions within the trade unions

Split threatens Greek solidarity

IF IT IS true that workers united will never be defeated, then the Greek trade union movement's chances for victory these days are slim. For the past six months the spectre of a permanent split has threatened the General Confederation of Greek Workers' (GSEE), the country's trade union congress.

The crisis was sparked off last October when the Socialist Government unveiled an economic austerity programme designed to tackle Greece's inflation and balance of payments problems. Among other measures, the system of wage indexation introduced by the Socialists when they first came to power in 1981 was to be truncated.

A special law was passed, making compulsory the new incomes policy banning any wage increases beyond the new limited compensation for inflation in both private and public sectors.

The Socialists' surprise departure from the policies of economic largesse of their first four years in office caught trade unions completely off balance.

The blow was most bitter for unions affiliated to the Socialist Party (Pasok), which have held the majority of seats in the 45-member GSEE general council since 1983. Socialist trade unionists had neither been consulted on the austerity measures nor even given an inkling that they were coming.

The socialist labour unions and their representatives in the GSEE leadership promptly split into two hostile camps—one determined to fight the Government's economic u-turn with strike action, the other equally determined to remain loyal to the administration.

The militants, dissident socialists backed by trade unionists affiliated to the Euro-communist and Moscow-line Communist opposition parties, commanded the majority of 26 seats in the GSEE council.

Mr George Raftopoulos, GSEE's Socialist President and a staunch member of the loyalist camp, found himself in the exposed position of leading a minority in support of economic measures which aimed to reduce real incomes in 1986.

Perceiving the loyalists' hold on the Congress to be threatened, the Government stepped in. Dissenting trade unionists in the Pasok ranks and many top ranking socialist labour cadres were expelled without ceremony from the party. A vote by the militant majority in the GSEE council against the Raftopoulos presidency was neutralised by the courts, to which trade union federations loyal to the Government had sought recourse over the leadership crisis.

In an alarmed letter to Dr Andreas Papandreou, the Greek Prime Minister, the European Trade Union Confederation (Etuc), of which GSEE is a member, noted that the court action overturned the decisions of the legally elected GSEE organs and characterised Pasok's intervention in the trade union crisis as both direct and obvious.

Beyond the immediate problems it created, the GSEE crisis served to underscore the slowness of reforms to which the Socialists were committed when they came to power, to liberalise Greece's trade union system and abolish state control over its finances.

Despite a landmark bill passed in 1982 setting the framework for change, union financing still largely comes from compulsory dues paid by workers and employers, which are channelled through a special funding body controlled by the Ministry of Labour.

The Government's defenders cite the 1982 law, which replaced legislation enacted under the previous conservative Administration, as proof that the Socialists' heart is in the right place. The law guarantees workers' rights to organise trade union activities in their place of employment, protects against dismissals for trade union activity and bans lock-outs by employers.


Papandreou: austerity policy splits unions

Critics say, however, that the developments of the past six months have given the lie to the Government's claim of solidarity with the trade union movement and seriously set back the process of reform. "The Greek trade union movement should by rights have been going through its renaissance today. Instead it seems to be stuck in the middle ages," one observer said.

The actual GSEE crisis has for the moment reached an uneasy stalemate. The Raftopoulos presidency still formally controls the congress, which now, however, effectively represents only the loyalists. All other trade unionists including the dissident Socialists (who have now set up their own trade union organisation) the Communists and the conservatives boycotted an emergency national GSEE conference held at the beginning of April in the hope of defusing the crisis.

Of 618 registered delegates, only 289 took part and the vote for a new council which the organisers grimly insisted on holding on the last day was thereby rendered meaningless.

The militants, for their part, have been able to use their influence over the labour movement, which extends to a number of important public sector services such as the Electricity Board and the Telecommunications Authority, to stage a series of successful nationwide 24-hour strikes.

On the other hand, they have not generated, as some had expected, a make-or-break confrontation with the Government." One has to remember that only about one out of three Greek workers is unionized," one observer said. "The economy is still dominated by family farming and small businesses of a handful of employees, again often relatives. This isn't the stuff of a big industrial strike."

The one encouraging factor is that the split in the GSEE's ranks has not yet hardened into an official and permanent division, though many feel the Greek trade union movement is on the brink of that.

Following the disaster of the April emergency GSEE conference, the Raftopoulos presidency invited all other trade union party political groupings to a new meeting to discuss the crisis. The militants have insisted however on a conference on their terms to elect a representative leadership.

Whatever the next development, it appears very likely that strikes will continue to be a feature of Greek life in the months to come. Trade unions and the political parties they represent will be operating with an eye to next October's municipal elections, the country's first vote since the October 1985 economic austerity measures.

Leading government economists insist that the austerity programme will be implemented, come what may. In the October elections the Socialists can probably count on militant trade unions to put this willpower to the test.

Rheinmetall men fined for illegal arms exports

By Rupert Cornwell in Bonn

FOUR past and present executives of the Rheinmetall arms and engineering concern were sentenced in Duesseldorf yesterday to suspended prison terms of up to two years and fines ranging up to DM 25,000 (£7,35?) for illegally arranging exports of West German arms to Saudi Arabia, Argentina and South Africa.

The trial, which began in mid-January, has been a test case of just how seriously the country is prepared to enforce the strict rules governing sales of West German weapons to sensitive areas. The offences were committed between 1977 and 1980, but it was only in 1983 after painstaking investigations that the city's prosecutors finally levelled charges.

The mechanism used by the four was the familiar one of the murky world of international arms trading: doctored "end user" papers, whereby the final destination of the equipment in question is concealed, with the help of compliant middlemen in a third country.

For the deals, phoney export contracts with companies in Italy, Paraguay and Spain were employed. The executives of Rheinmetall routed deliveries of machine guns and parts to Saudi Arabia via Italy and Spain. Argentina received anti-aircraft equipment and tanks under a contract nominally taken out with a Spanish company. South Africa obtained a munitions plant through Paraguay.

In this last instance, the presiding judge declared that the illegal exports, in 1978, had "considerably interfered" with Bonn's foreign policy aims.

In the case of Saudi Arabia, always a particularly sensitive arms destination given Germany's fraught historical ties with neighbouring Israel, the convicted Rheinmetall executives had been fully aware that proper authorisation from Bonn should have been secured, despite the devious routing of the exports, the judge said.

Carrington hits at bickering in Nato alliance

NATO Secretary General Lord Carrington warned yesterday that transatlantic bickering between the US and some of its European allies could damage the North Atlantic Treaty Organisation's strength and cohesion, Reuter reports from Brussels.

Lord Carrington also called for greater political consultation among the 16 allies over action outside Nato's traditional area of activity, such as the April 15 US air strike against Libya.

In a speech prepared for delivery in Montreal two days before a Nato foreign ministers' meeting and released by his office here, he said the concern of those attending the gathering in Halifax, Canada, would be to maintain the strength and cohesion of the Alliance.

This, he said, would be affected "if some people in the US and some in Western Europe continue to indulge in what I might call megaphone cartoonery—Eurowimps in one set of papers and American cowboys in the other."

The word Eurowimps is a derisive term applied by US hardliners to describe those European allies who were critical of the Libyan attack and other controversial aspects of US policy.

Lord Carrington intentionally echoed his own phrase "megaphone diplomacy," which he coined in April 1983 to describe loud statements of position by East and West instead of effective dialogue.

Lord Carrington said the US strike on Libya had been clearly an "out-of-area" action that did not involve the Nato alliance.

But he implied the Alliance would suffer if there was not more active political consultation among the allies about "out-of-area" crises.

"The ability of the Alliance to do effectively what it has to do in the area could be affected by the response—or lack of response—on the part of individual allies to what is happening outside," he said.

"There is no doubt that the Alliance suffers when it is seen to fail to do what is asked of it . . . if governments cannot agree on the remedy . . . then it is unlikely that anyone else will," Lord Carrington said.

In other comments on the state of the Alliance, he expressed his concern over reduced defence spending by some Nato member states.

"I would be less than honest if I didn't say that I was worried by some of the signs that I see on both sides of the Atlantic," he said.

Western democracies often failed to broadcast the right signal to the Soviet Union, "not least because of the pressures to save a bit on the defence budget here and trim our negotiating objectives a bit there."

Tass journalist defects

A SOVIET journalist of the official news agency Tass has defected with his wife and two children while on assignment in Finland by crossing into neighbouring Sweden, emigre sources said yesterday, Reuter reports from Stockholm.

The Centre for Aid for Estonian Prisoners of Conscience said Mr Raivo Ojasaar, 39, who had been working in the Tass bureau in Helsinki for the past five years, was probably staying with friends or relatives in Sweden.

Mr Ojasaar came from Tallinn, capital of the Baltic republic of Estonia which was incorporated into the Soviet Union in 1940. Emigres have reported a wave of purges in Estonia since the Kremlin ordered a crackdown on nationalism in August 1984.

● A row which threatened to bring down Finland's ruling coalition was defused yesterday after one member party backed out of a confrontation with Prime Minister Kalevi Sorsa over scrapping nuclear power.

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230TE	2299	4	5-speed man.	136	118	10.9 secs
300TE	2962	6	4-speed auto	188	131	8.8 secs
Diesel 250TD	2497	5	5-speed man.	90	103	17.4 secs

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Thailand Premier sacks army commander

THAILAND'S civilian prime minister yesterday dismissed the commander of the politically powerful army, sparking rumours of an imminent coup, Reuter reports from Bangkok.

But Gen Arthit Kamlang-ek, 60, defused tension when he said he accepted the order and pledged loyalty to King Bhumibol Adulyadej.

No official reason was given for his dismissal by Mr Prem Tinsulanonda, the Prime Minister. But diplomats said it was one of the most daring acts ever taken by a civilian prime minister against an army commander.

Gen Arthit's acquiescence followed a meeting with his successor, Gen Chaovalit Yongchaiyut, 54. Gen Chaovalit bowed deeply in a traditional expression of respect and a smiling Gen Arthit later told reporters "No problem. We'll be working together."

Coup rumours had swept Bangkok after Mr Prem's office announced the dismissal and armoured units moved through the capital. But army officers described their appearance as a routine movement.

The officers and diplomats said everything appeared normal following Mr Prem's shakeup, which also involved Mr Chuthai Saengthaveep, an Arthit confidant who was deputy army commander. He was shuffled off to an inactive post.

Foreign diplomats said they believed the prime minister acted on evidence that Gen Arthit was linked to an alleged conspiracy of big business and political interests that brought down Mr Prem's four-party government when a revolt in the coalition lost him a parliamentary vote on May 1.

They said Mr Prem and army loyalists — estimated to make up 70 per cent of the officer corps — also were concerned that the alleged conspiracy threatened to subvert general elections on July 27.

They traced the break between Mr Prem and Gen Arthit to 1982 when the general and parts of the military tried to amend the constitution to give the appointed, military-packed Senate lawmaking roles equal to the elected lower house.

Steven B. Butler analyses relations between Government and the 'two Kims' of the opposition

Campus violence spurs S. Korean reform process

THE RISE of violence and extremism on South Korea's university campuses has injected a new sense of urgency into the country's domestic political debate. At the same time it has obscured a gradual, but far more important transformation among Korea's main political players—the Government and the moderate opposition.

To almost everyone's surprise, after just a few months of street rallies and mass campaigning for a direct election of the president, South Korea's moderate opposition prised an important concession out of the Government of President Chun Doo-Hwan. Mr Chun says he will no longer stand in the way of early amendment to the constitution.

Paradoxically, Mr Chun's concession may have benefited the Government more than the opposition. It has helped the Government regain political intiative after months of floundering. In June, Korea's ruling and opposition parties are expected to start talks over changing the constitution, with the ruling party apparently given a wide, flexible brief.

With this show of flexibility, the Government has thrown the bill squarely back into the opposition's court, and attention has inevitably focused on the "two Kims"—Mr Kim Dae-Jung and Mr Kim Young-Sam—the undisputed leaders of the opposition.

It was the alliance between these two former arch rivals, welded together two years ago, that has made possible the broad coalition of opposition forces that so successfully challenged the Government. Yet strong doubts persist over whether this alliance can continue to hold when the opposition begins not just confronting the Government, but dealing with it.

Speaking in his home in southern Seoul recently, Mr Kim Young-Sam expressed what bordered on jubilation at the opposition's ability to muster popular support against the Government.

"If the Government does not revise the constitution," he says, "they will be unable to govern the nation."

Mr Kim was under extended house arrest earlier in the decade, and was released from a political blacklist only a year ago. He was always considered a second fiddle to Mr Kim Dae-Jung. Kim Young-Sam lacked the charisma and dynamism of his rival.

Yet in the last three months Mr Kim Young-Sam has emerged as a powerful speaker in a series of huge opposition rallies. A hectic daily schedule of political meetings and speaking engagements, Mr Kim says, has given him a sense of euphoria.

In public and private, Mr Kim has grown visibly more self-confident and outspoken. His smiling face adorns magazine covers, and his control over the opposition New Korea Democratic Party is fast being consolidated.

Kim Dae-Jung, by contrast, has become more isolated, withdrawn and pessimistic — a strange turn of events for a man with an ego and personal magnetism unmatched by any Korean politician. Kim Young-Sam may have power on the podium, but Kim Dae-Jung offers vision and inspiration, and that is precisely why the Government sees him as its single greatest political threat.

The Government has pushed Kim Dae-Jung into a box, sometimes literally. Police forcibly confine him at home to prevent him from speaking in public. The Government refuses to lift a suspended sentence for sedition.

Years of Government propaganda painted Lim as an incorrigible radical, and this has become a heavy burden as he continues to try to convince the public, through a heavily controlled media, that all he wants is democracy.

He admits, though, that he is stubborn and inflexible. He believes a direct election of the Korean president is the only system simple enough to prevent the Government from heavily manipulating the outcome, and he will push the Government to the wall before making piecemeal concessions. Many Koreans see more than a hint of self-interest in this position — a direct election system would heavily favour a man with Kim's electrifying oratorical skills.

Kim Young-Sam, on the other hand, fits closer to the mould of a classic parliamentarian — a builder of coalitions who will compromise with reality.

Many businessmen say they would be happy to see Kim Young-Sam become president or prime minister if it would solve Korea's political disputes—and allow them to get on with making money. But they fear Kim Dae-Jung would launch a campaign of revenge for the years he has suffered at the hands of the Government.

"Direct election of the president is the platform of our party, and I support it," says Kim Young-Sam. "The Government has not proposed anything yet."

Kim Young-Sam evidently sees the direct election system as a bargaining position. This has increased speculation that the president's party will offer a grand compromise to institute a Cabinet system of Government, and that eventually the main opposition party will accept the offer.

It is a deal, however, clearly designed to cut out and further isolate Kim Dae-Jung, and would risk splitting the opposition forces. It is fear of this, in part, that has recently prompted a series of attacks by radical students against the main opposition party.

Students have become frustrated with the pace of reform and disillusioned with a party that wants merely democracy, without social revolution. Their wrath has also fallen increasingly on the US, which they see as responsible for Korea's domestic political troubles.

Few observers believe any agreement between the opposition and ruling parties will mollify the students, and scattered violence seems certain to persist. The question is whether it will spread.

South Korea's two moderate socialist parties announced yesterday that they were merging into a single party, called the Socialist Democratic Party, AP writes from Seoul. They are the only socialist groups allowed to operate.

The two merging groups were the Socialist Democratic Party, headed by Mr Kim Chul, and the New Socialist Party, led by Mr Kwon Dae-Bok. Neither party has seats in the National Assembly.

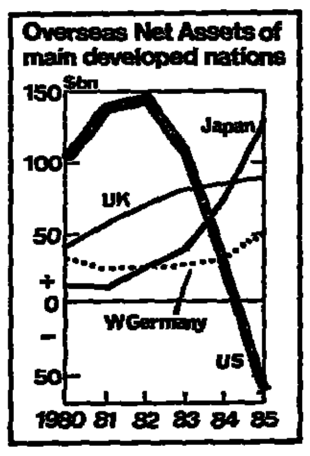
Japan's overseas assets increased 74% last year

BY CARLA RAPOPORT IN TOKYO

JAPAN'S NET overseas assets soared to $129.8bn last year, an increase of 74 per cent over 1984.

According to figures released by the Ministry of Finance (MoF) yesterday, Japan's public and private assets in excess of liabilities abroad last year amount to more than $1,000 per person. The MoF estimated that Britain's net external assets last year were $90bn and West Germany's at $50bn. The US had net liabilities of about $60bn.

The huge increase, according to the MoF, was thanks to Japan's large trade surplus last year of nearly $50bn.



The ministry's statistics show that Japan's total overseas assets last year grew by 28.3 per cent in 1985 to $437.7bn, with a third of the total accounted for by stock and bond investments primarily in the US. Japanese investors have long been attracted to US dollar investments because of the higher interest rates on offer in the US. This flow of funds from Japan to the US has been maintained in the current year. In March, for example, net foreign bond investments by Japanese residents jumped to $8.5bn, from around $6bn in February.

In terms of gross external assets, Japan still trails the US and Britain, which had $914bn and $712bn at the end of 1984.

KURDISH COMMUNITIES STRADDLE WAR FRONT

Iraqis hold tribal chief for not fighting Iran

BY KATHY EVANS IN BAGHDAD

IRAQ SAYS it has arrested a Kurdish tribal leader for failing to do his national duty to fight Iran, military and political officials have confirmed.

The arrest took place in the mountain village of Mangeesh in northern Iraq, a Kurdish area just 50 km from Iraq's strategic oil pipeline to Turkey.

Mr Jaafer Barzifci was identified as the local sheikh and tribal leader of 500 people in Mangeesh. He reportedly refused to fight in the counter-offensive launched by Iraq in the eastern areas of Iraqi Kurdistan. Both Iran and Iraq have made use of their Kurdish communities in this area of the frontline.

Last week, the leader of the pro-Iranian Kurds, Mr Masoud Barzani, claimed that following battles with the Iraqi army, his forces of the Kurdish Democratic Party killed 200 Iraqis and captured 700. In a statement issued in Damascus and later broadcast from Tehran, Mr Barzani, son of the late Mustapha Barzani, said his forces controlled some 10,000 sq km of Iraqi territory in the north.

However, when foreign journalists were flown into the Mangeesh over the weekend, Iraqi forces appeared to be in control of this remote and mountainous region. Local army commander, Brigadier Mohammed Taha said that although his troops were not in every village, his forces controlled the roads. A detachment of the Iraqi Army had been installed in Mangeesh though.

Brig Mohammed Taha said there was not one inch of Iraqi territory under the control of Barzani forces. However Western military experts in Baghdad say a significant portion of territory close to the Turkish border is in the hands of Kurdish Democratic Party forces.

Although remote, this area is highly important for Iraq,

for close by lies the main crude oil pipeline to Turkey, through which the bulk of Iraq's 1.4m b/d of oil exports passes. Iraq is also planning to double capacity on the pipeline through Turkey within the next 18 months.

Yet Baghdad's relations with the Kurds are at a delicate stage as the armed forces look for Kurdish assistance to counteract Iranian offensives.

There are some 3.5m Kurds in Iraq, or 18 per cent of the total population. In the latest offensives, Iraqi Kurds have called upon to fight Iranian forces including Kurds of Iranian origin. The common objective of both sets of Kurds is the establishment of an independent republic in Kurdistan which straddles both sides of the front.

Kurdish assistance appears to have paid off for the Iraqis for, in recent weeks, Iraq has claimed the recapture of mountain peaks in the Chwarta areas close to Sulamaniyeh. Western military experts attribute this success to large payments made to local tribes for the captureof individual peaks. The going rate for a mountain is said to be 500,000 dinars (£1.5m) at the official exchange rate).

Britons detained after raid on Harare

SEVEN BRITONS have been detained by Zimbabwe police for questioning following last week's South African raids on African National Congress targets in Harare, the British High Commission confirmed in Harare yesterday, AP reports.

Those being held, according to a high commission spokesman who requested anonymity, are: Mr Callum Anderson, Mr Steven Harrison, Mr Roy Lewis, Mr Alun Parfitt, Mr Derreck Straw, Mr Brian Wilkinson and Mr Richard Woodcroft.

Attorneys acting for the men said they had been detained "for questioning in connection with the raid." The lawyers declined to be named and gave no further details.

Kinnock to change UK immigration law

Mr Neil Kinnock, the leader of the British opposition said yesterday his Labour Party would change Britain's immigration laws if it came to power, Reuter reports from New Delhi.

Mr Kinnock, who started a nine-day tour of India on Sunday, told a seminar in New Delhi the party was committed to repealing the 1971 and 1981 Nationality and Immigration Acts and introducing "non-discriminatory and non-racial" immigration.

Iranian attack

Iranian Revolutionary Guards wiped out an Iraqi battalion in a surprise attack on southern Iraq's Faw peninsula last night, Tehran Radio said yesterday, Reuter reports.

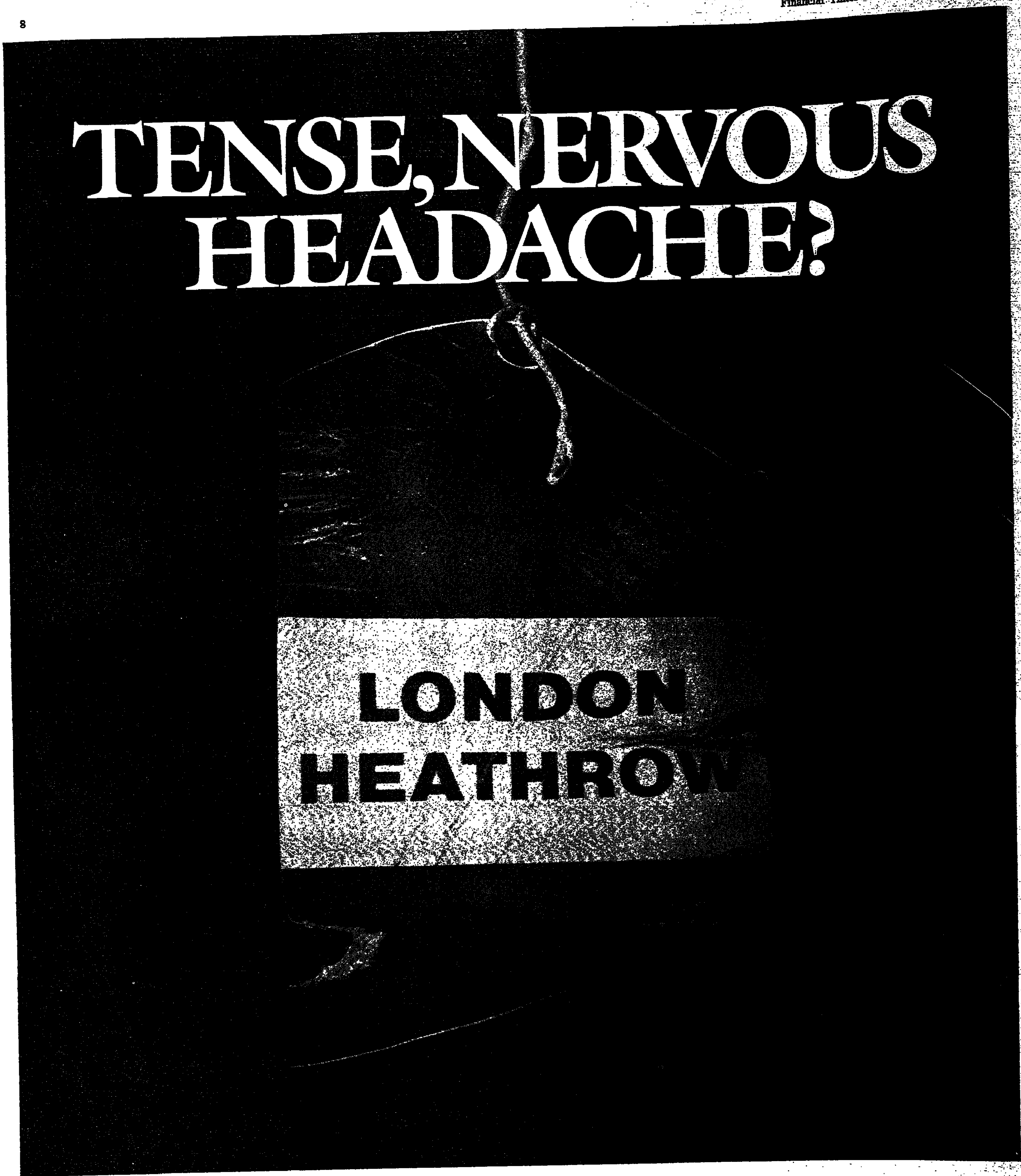
Oil demand 'rising'

World oil demand has been rising faster than expected and the Organisation of Petroleum Exporting Countries (Opec) may boost its output ceilings, Mr Subroto, the Indonesian Oil Minister, said yesterday, Reuter reports from Jakarta.

Expatriates to leave

Kuwait will lose 30,000 expatriates in the next few months because of shrinking revenues, the Arab Times said yesterday, Reuter reports from Kuwait. Jordanians, Egyptians and Asians will be among those hit hardest, the daily said, quoting unidentified sources. They include teachers, engineers, drivers and clerks.

مكبرة من الاصل



A curious ailment seems to affect those who fly via the airport on the left. Confusion, stress, loss of direction. It's known to the cognoscenti as Heathrowitis.

Other sufferers describe it as airport lag.

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هكذا في الاصل

Bethlehem proposes wage cuts package

By Terry Dodsworth in New York

BETHLEHEM STEEL, the third largest US steel manufacturer, is proposing average wage and benefit cuts of around $2 (£1.32) an hour in a new three-year contract which should be put to its 30,000 manual employees within the next few days.

The wages package, hammered out with local union leaders in three months of fraught negotiations, contains profit and stock sharing provisions to compensate for the proposed reductions in earnings. If agreed by rank and file members, it would keep Bethlehem's labour costs roughly in line with those of two of its leading competitors, LTV and National, which have already signed concessionary deals with the United Steelworkers Union (USW).

Local union officials, who yesterday accepted the tentative agreement and recommended it to rank-and-file members have indicated that acceptance of the deal is by no means a foregone conclusion. However, the terms seem unlikely to be radically revised, and reinforce the trend towards substantial wage give-backs in the US steel industry.

Bethlehem has been among the highest paying companies in the industry, and if the new deal is accepted, it is estimated that the company's hourly employment costs for shop floor workers would fall to about $22.50 an hour. This compares with LTV's new rate of around $21.59 an hour and $22.21 at National.

Negotiations at Bethlehem have proved to be particularly difficult because the company was seeking even greater reductions in its payroll costs. Over the last four years, the company has lost about $2bn, leaving its finances in an extremely fragile state.

The terms of the proposed Bethlehem contract would cut direct wages by around $1 from the present average of $15.40 an hour. Other savings from the total current wage costs of $24.84 an hour would come from reductions in fringe benefits.

In return for these cuts, the workforce would receive 10 per cent of annual profits up to $100m and a further 20 per cent of profits over $100m. If the company were not profitable, the concessions would be repaid in convertible preference stock.

Peter Montagnon reports on growing fears over failure to agree a new IMF package

Fresh round of jitters over Mexico's foreign debt

ONE WAY or another the long silence that has surrounded Mexico's relations with the International Monetary Fund may soon be broken.

Both Mr Jesus Silva Herzog, Finance Minister, and Mr Miguel Mancera, central bank president, have spoken of an impending denouement in talks with the IMF about a new economic programme designed to unleash further help for Mexico in dealing with its $97bn (£64bn) foreign debt.

Mr Mancera told bankers in Phoenix, Arizona, earlier this month that Mexico would have a new IMF agreement within a matter of weeks. Mr Silva Herzog was more circumspect. He said Mexico would know shortly whether it could reach an agreement but did not discount the possibility of the talks breaking down.

Mexico's failure to reach an IMF agreement over several months of negotiation goes back to more than just the turmoil caused by the plunge in oil prices, expected to cost the country $8bn this year. Increasingly bankers believe that its debt problems now reflect a far deeper internal economic and political crisis. Few were surprised by revelations over the weekend that some US Government officials at least are growing worried about the country's internal stability.

At the core of the IMF dis- receipts. Mexico wants to hold the deficit to around 9½ per cent, the same proportion of GDP as last year, although a contracting economy means that this would still be a cut in real terms.

Beyond that Mexico is facing pressure from creditors to "open up its economy," which means liberalising its rules on direct foreign investment, selling off state enterprises, sweeping away trade barriers, lifting the heavy hand of government from business and promoting a more dynamic entrepreneurial environment.

President Miguel de la Madrid has announced plans to join Gatt, embarked on a programme of privatisation and closed the heavily loss-making cussions is the question of the appropriate size of Mexico's government budget deficit. The IMF wants the deficit held to just 5 per cent of gross domestic product despite the fall in the price of oil which yields nearly half the government's fiscal Fundidora Monterrey steel plant. Creditors argue that this does not go far enough. The fundamental reforms they are looking for are not forthcoming.

Yet even senior bankers, who argue most keenly that such reforms are vital if Mexico is to stem capital flight and cope

Herzog . . . mounting difficulties.

with its debt in the longer term, acknowledge that the consequence of change would be to weaken the pervasive grip of the ruling party, the Party of Institutional Revolution on which the country's social stability has depended for decades. "You cannot open up the economy without also opening up the political system," said one top creditor.

Coupled with the jockeying for position already taking place in top government circles in the run-up to the 1988 presidential elections, that is enough to explain the dithering of the de la Madrid government on the IMF issue.

Paradoxically the short term prospects are not all bleak. Helped by the US aversion for travel to Europe in the wake of President Ronald Reagan's strike on Tripoli, tourism is booming.

Oil prices, which at one stage plunged to just $10 per barrel have now recovered to around $15. Mexico's finances should also be helped by a $500m trade development loan expected from the World Bank next month and by a one-off $475m saving on debt service as interest margins are cut retrospectively on the multi-year rescheduling package from commercial banks agreed last year.

The IMF will not comment on the state of its talks with Mexico, but bankers say they detect signs of a shift towards a compromise in recent weeks. Even then, however, Mexico will still have to negotiate some large fresh loans from its bankers.

Mr Silva Herzog has said it will seek $2.5bn. He also wants to save a further $1bn in debt service through the launch of new instruments whose value would be linked to the oil price. Bank for their part are in no mood to bow to Mexico's call for the burden of the oil price fall to be shared by the country's creditors as well as its people.

Even $2.5bn would be hard to raise, they say, and with the exception of debt-equity swaps, which are beginning to find some favour, they are resolutely opposed to any form of financial engineering that would allow Mexico to borrow money at below-market rates of interest.

One solution for President de la Madrid might be to launch a major initiative for economic revival, a Plan Azteca, modelled on the lines of programmes already undertaken by Brazil and Argentina, but time is now pressing. So far this year Mexico has survived largely by dint of a fierce squeeze on the private sector which has been forced by high interest rates at home to repatriate around $1bn of capital from abroad.

This process cannot last indefinitely, however, and internal savings have meanwhile collapsed, provoking fears that the government may not be able easily to fund its peso-denominated domestic debt. Interest payments on this debt absorb 8 per cent of GDP compared with an estimated 4.5 per cent devoted to interest on foreign debt.

Sooner rather than later President de la Madrid will therefore have to decide which way to jump. It is a choice which could have profound implications for other countries in the region struggling under a mountain of debt at what are still sharply positive real rates of interest.

Four years after it first ran out of foreign exchange in 1982, Mexico is once again the flash-point of Latin America's debt problem.

Space station deal eludes US and Europe

BY PETER MARSH

WESTERN EUROPE and the US are continuing to disagree on the role to be played by European nations in the $12bn £7.9bn) international space station planned for the 1990s.

A meeting in Washington last week between the 11-nation European Space Agency (ESA) and the US National Aeronautics and Space Administration (Nasa) failed to make progress on the jobs to be earmarked for European scientists on board the base, the development of which is due to start next year.

Both sides agree that Europe should provide a laboratory called Columbus to be fixed in position to the US core of the orbiting outpost. Columbus would be one of four pressurised modules containing scientific equipment together with living accommodation for up to eight people.

Nasa wants Columbus to concentrate on biology experiments, such as assessments of the way weightlessness influences the growth of animals and plants, but Esa officials insist that the scope for Columbus should be wider.

They want the European laboratory to include equipment to investigate the production of new materials in low gravity, the area of space experiments which promise the biggest commercial payoffs in the coming decades.

As a result of the disagreement, Nasa and the European agency still have to sign a document formally committing them to the design stage of the space station venture. The document should have been signed on March 10.

A Nasa official said yesterday that last week's meeting led to "a useful exchange of views" and that the continuing lack of progress on the role for Columbus "was not totally unexpected." Both sides say they hope the differences can be overcome in further meetings over the next few weeks.

According to Nasa's plans for the space station, the US would provide two of the four pressurised modules, one to be used as living quarters and the other for materials processing experiments. Nasa has already concluded an agreement with Japan under which Japan would build a third module, for experiments in general science and technology such as basic investigations in physics and chemistry.

Canada, the final international participant in the space station, is due to provide robot equipment that could be used to maintain parts of the space station and to repair satellites that dock with the celestial base.

The US expects to spend about $8bn on the extraterrestrial outpost, with the other nations putting up some $4bn between them. According to Nasa's plans, the base should be operational by 1994.

Much will depend, however, on the degree of enthusiasm in Congress in voting the cash to build the station. Congress is due to decide in the next few weeks on Nasa's request for $410m for the year beginning in October which would enable the development to start late in 1987.

Another factor is how quickly Nasa can restart flights with its currently grounded fleet of space shuttles, which would be essential both in building the station and in supplying it when operational.

US urges banks to speed up loan preparations

BY WILLIAM DULLFORCE IN LUGANO

A SENIOR US Treasury official yesterday called on commercial banks to speed up preparations for new lending to heavily indebted countries and urged debtor nations to open the way for debt to be shifted to equity.

The commercial banks had not done enough to ensure that they will be ready to lend when the time comes, Mr Thomas Berger, deputy assistant secretary for international monetary affairs, told the Lugano international banking symposium.

Plans for additional lending had not been agreed within current lending syndicates and differences between the larger and smaller banks had not been resolved, Mr Berger said.

The US Administration would not support efforts by the banks to obtain government guarantees for new lending or to secure preferred creditor status with international development banks, he warned.

He proposed greater co-ordination among the commercial banks. The US Treasury was frequently told that smaller banks "wanted out." They should be able to count on the willingness of the big banks heading advisory groups to keep them informed at an early stage of developments.

But the big banks in return needed assurance that the smaller banks would continue to participate.

Mr Berger said more progress to resolve the debt problem could be made through greater use of debt/equity swaps, involving the exchange of an outstanding loan for an equity interest in the debtor nation involved.

Argentina forces banks to lift secrecy

By Tim Coone in Buenos Aires

ARGENTINA is to oblige banks to pass information to the tax authorities on customers' saving and current accounts in an effort to reduce tax evasion and ease the country's fiscal deficit.

Anonymity in stock and share dealing is also to be removed.

Mr Marcelo de Cortis, the director general of Argentina's tax authorities, called for public co-operation with the measures, introduced this week, saying: "We must change the prevailing mentality that considers the tax evader smart and the person who pays tax a fool."

The banks will now have to report monthly to the tax authorities on any accounts which have more than australes 15,000 per month paid into them (£8,145) and annually on accounts which have more than australes 30,000 paid in per year.

According to Mr Mario Brodersohn, the Argentinian Finance Minister, the level of bank secrecy that has prevailed until now has resulted in more than a half of the 2.7m people registered in the tax system not paying any tax. Mr Brodersohn described the changes in the tax laws as "the most important in the past 30 years."

The tax authorities are especially targeting some 28,000 to 30,000 evaders, some of whom have been making enormous profits in financial speculation in the Buenos Aires money markets.

In lifting the veils over bank secrecy the Government has also considered growing labour unrest.

Opposition strong in Barbados poll

THE incumbent Barbados Labour Party, which has formed the Eastern Caribbean Island's government for the past decade, faces a stiff challenge from the opposition Democratic Labour Party in a general election today, Canute James reports from Kingston.

Local public opinion polls have given an edge to the opposition party led by Mr Errol Barrow, a former prime minister, with the ruling party led by Mr Bernard St John, the Prime Minister, a close second.

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EEC shifts stance to back trade in services pact

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Economic Community has abandoned its initial doubts and become a firm proponent of negotiating an international agreement on trade in services, Mr Willy de Clerq, European Commissioner responsible for external relations and trade, said in Lugano yesterday.

It would be a great help to the EEC Commission in negotiating such an agreement if producers of services within the Community would set up an umbrella organisation to represent their interests, he added.

One reason why the Commission had changed its mind was that its soundings among producers of services had shown that with few exceptions, they regarded themselves as among the world's most competitive.

The Commission survey had shown the Community was the "super power" in trade in services, with exports three times higher than those of the US.

The Reagan Administration in 1982 was the first to press for services to be included in a new round of multilateral trade negotiations.

Mr de Clerq was addressing the Lugano international banking symposium organised by the Banking Association of the Canton of Ticino, and sponsored by the Swiss Government.

In the case of banking, the Commission's view was that an agreement to liberalise trade in services should cover the establishment and operations of foreign banking operations.

Most banking services could only be sold abroad by establishing a local branch, subsidiary or agency.

The Commission would contend that these types of foreign representation should be included in a definition of trade in services.

Information technology, consultancy and advertising were other community services industries expected to grow as a result of the liberalisation in international trade in services.

Enhanced competition in these areas would also improve the quality of services available to manufacturing industries

Jamaica manufacturers to sue over import checks

BY CANUTE JAMES IN KINGSTON

SOCIÉTÉ GÉNÉRALE de Surveillance of Switzerland, which was contracted by the Jamaican Government earlier this year to carry out pre-shipment inspection of imports, is to be sued by the Jamaica Manufacturers' Association to recover what the association claims are losses caused by delays in inspections.

Mr Paul Thomas, president of the JMA, said the association had prima facie evidence on which it can file suits against SGS on behalf of its members. The Jamaican Government and the Revenue Board, a government agency, will also be named as defendants.

The Jamaican Government employed the Swiss company as part of an effort to reduce the level of over-invoicing and under-invoicing of imports — practices which both the island's business community and government officials agree have been common during the past decade.

Mr Edward Seaga, Jamaica's Prime Minister and Finance Minister, said SGS has been inspecting Jamaican shipments for three months "and during the early period, it is expected there will be some confusion in procedures."

The Prime Minister said the Swiss company has been employed "to detect over-invoicing of imports as a means of illegally exporting foreign exchange and under-invoicing of some imports to illegally reduce import duties."

He said it was obvious the company was not prepared for the volume of shipments.

An SGS spokesman in Geneva said that the company's group management was unaware of the issue.

US timber tariff angers Canada

By Bernard Simon in Toronto

THE Reagan Administration's sudden imposition of a 35 per cent tariff on imports of Canadian timber construction materials has deeply angered and embarrassed the Canadian Government.

The Canadian Cabinet met yesterday to consider retaliatory action, probably in the form of new barriers to US imports.

In one of the most strongly-worder attacks on Washington by a Canadian Prime Minister in recent years, Mr Brian Mulroney said: "Actions like this make it extremely difficult for anyone, including Canadians, to be friends with the Americans from time to time."

The Canadians have asked the US to reverse the tariff, imposed last week on cedar shakes and roofing shingles, which are used mainly for house roofs and sidings.

The Canadian Government is embarrassed because the new tariff coincided with the start last week of politically delicate negotiations on a US-Canada free trade agreement.

Since taking office 20 months ago, Mr Mulroney has taken several commercial, military and political initiatives to improve Canada's links with the US and has made much of his warm personal relations with President Reagan.

Mr Mulroney appears to be concerned that the US action will complicate his efforts to win domestic support for the free trade talks, especially in the western province of British Columbia, where free trade is generally favoured but which will be most seriously affected by the new tariff.

Mr Mulroney said he viewed the present dispute as "an isolated act that I trust will never be repeated."

Canada's growing share of the US lumber market has become a major irritant in relations between the two countries. The start of the free trade talks was threatened last month by strong opposition among US Senators from lumber-producing states.

Separately, Canada's International Trade Minister, Mr James Kelleher, said Canada's import tribunal will examine whether to impose stricter monitoring controls on carbon and special steel imports, following growing complaints from domestic producers.

Boeing seeks lift from new prop-fan jet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Boeing's new hope . . . the 7J7.

BOEING, the world's biggest builder of jet airliners, is determined to leave no one in any doubt as to its determination to build a new 150-seat airliner using the revolutionary prop-fan engine, called the 7J7, for service by 1992.

The US group has already spent more than $250m on the venture and has nearly 1,000 engineers working on it.

The company's Renton, Seattle, headquarters hums with prop-fan 7J7 activity Mr Frank Shrontz, former president of Boeing's commercial airliner activities who is now president and chief executive officer of Boeing Company, reaffirms the intention not to let Boeing fall behind in the battle for world airliner markets in the 1990s.

Boeing foresees a world market for airliners of all kinds of $246bn (£164bn) up to the year 2000, of which airline growth will account for some $172bn and replacements some $74bn.

This represents some 5,657 aircraft, of which short-to-medium range airliners, seating between 125 and 185, will account for about 2,553 aircraft, worth over $73bn.

It is to win the biggest share of this sector of the market that Boeing has embarked on the 7J7 150-seater prop-fan venture.

Mr Shrontz stresses that while the 7J7 is the first Boeing prop-fan venture, the company sees it as the start of a new generation of commercial transports reaching through into the next century.

Work on all the mainstream technology in the 7J7 — such as new materials research, development of the electronic flight deck and research into new aerodynamic shapes — is being pushed forward steadily; and is on time.

Boeing plans to retain at least 51 per cent of the venture, both in terms of cost and work-sharing. It is still looking for prospective partners and expects to sign up some later this year.

Boeing's emphasis is on making the 7J7 a major force in world airliner markets, using initially the General Electric "unducted fan" engine. In that power-plant a new design of counter-rotating propellers is harnessed to a new gas generator to give fuel-consumption cuts of up to 40 per cent, compared with existing jet engines.

Boeing admits that the progress with the GE engine is the major factor influencing the 7J7's progress. GE reported recently that the engine, which began ground tests at Peebles, Ohio, last August, has already set a world record for the lowest specific fuel consumption yet achieved in a turbo-fan engine. So far, it has generated 25,000 lbs of thrust.

GE claims that ground tests on the prop-fan engine have also shown that vibration is lower than with a conventional jet engine and that the prop-fan can meet US Government noise requirements.

Flight tests of the GE engine start this summer in a Boeing 727. These will be followed by flights next year in a McDonnell Douglas MD-80 aircraft, that will also test a rival prop-fan engine, the 578DX, being developed by Pratt & Whitney and Allison division of General Motors.

Rolls-Royce is also working on prop-fan engines, but the engine will not be ready for flight test for some time, although it could have an engine available in the mid-1990s which could probably be fitted into the 7J7.

McDonnell Douglas is just as keen as Boeing, and is developing a prop-fan airliner, the MD-91X. This is aimed at the market for 100-110 seat airliners and is targeted to enter service earlier than the 7J7, in 1991.

Boeing says it would probably accept a brief delay, of say six months, if the 7J7 could enter service by late 1992 or even in 1993 as a prop-fan.

A longer delay, however, would force a decision on whether to go ahead with the 7J7 using conventional turbo-fan jet engines.

Boeing argues that, even without prop-fans, all the other advanced technologies in the 7J7 would still give it sufficient competitive edge over the rival European Airbus A-320, even with conventional turbo-fan engines, to justify going ahead. The prop-fans, Boeing says, could then be fitted when they became available.

GE remains confident, however, and expects to put its new engine into production by the end of this year.

But Boeing recognises that some insurance is needed against the possibilities of prop-fan delays, and that in such a situation it could lose sales to the rival A-320.

It is prepared to offer airlines using the smaller 737-300 twin-engined airliner, which might want to convert to prop-fans, a new version of that jet to keep them happy pending the 7J7's arrival. The new jet — the 737-400 — would seat up to about 150 passengers.

The 737-400 which would have an extended fuselage but no changes to engines or major systems, would be comparatively quick, cheap and easy to develop. But Boeing will only develop the aircraft if sufficient airlines, especially in the US, want it.

Boeing is emphatic that the 737-400 would not be a panic measure to stop sales going to the A-320. It still believes that even without prop-fans, sales of the 7J7 will eventually exceed those of the A-320, even though the A-320 has captured a lead in the 150-seater market.

If all goes to plan, Boeing will start its own 7J7 sales campaign in the middle of next year. It then expects to have completed the primary development studies to have enough engine data from GE to confirm a 1992 in-service date and to be able to give a formal engineering go-ahead for the aircraft.

The detailed engineering will take about another year, so that a final commitment to 7J7 production will not be made until about the middle of 1988.

On this basis, Boeing believes it will be able to roll-out the first prop-fan powered 7J7 in mid-1001, with certification and delivery in the spring or early summer of 1992.

Boeing would like to offer the aircraft with a variety of prop-fan engines — GE, Pratt/Allison or Rolls-Royce — to attract the widest possible spread of customers.

Therefore, the fact that Rolls-Royce is aiming for a later availability date for its prop-fan engine is of less concern than it might have been.

Rolls-Royce believes that, in value terms, the biggest share of the world prop-fan market will be for larger aircraft of over 200 seats for medium to long ranges in the mid to late 1990s.

Much of Rolls-Royce's work in the prop-fan field is thus being directed towards engines for bigger aircraft.

It is not, however, ignoring the smaller 150-seater market.

Pechiney know-how package to boost sales

BY PAUL BETTS IN PARIS

PECHINEY, the nationalised French aluminium and metals group, is launching a novel scheme involving management service contracts for large aluminium plants. The aim is to boost sales of its aluminium technology and know-how in developing countries.

The French group is especially eyeing the Chinese market — where it is negotiating to build a multi-billion dollar aluminium smelter project — the Gulf states and Latin America.

Pechiney is to offer a "total management contract." The French group will provide complete management services to run a new facility built with its technology for an initial seven-year period. This will be renewable for a further five years and then for subsequent three-year terms.

"We looked at what had been done in the hotel and food business and decided to apply the same idea of franchising and management contracts in the heavy aluminium plant business," explained Mr Georges Yves Kervern, head of Pechiney's aluminium division.

Mr Kervern believes the new management service is attractive to the financiers of aluminium smelter projects, which average about $1.5bn (£1bn) for a 230,000 tonne a year plant, and to developing countries without the manpower or experience to manage such investments.

The management contract offered a guarantee to financial backers of a major project, according to the Pechiney executive.

Mr Kervern said that Pechiney is to capitalise on its extensive international experience in the industry having provided the technology for 50 per cent of all aluminium electrolytic reduction facilities built in the Western world since 1980.

Pechiney has been offering traditional technical assistance but under its new contract, would provide general management, personnel, accounting and financial management, purchasing and contracting for supplies as well as technical management, among other services.

Hungary to buy foreign chips

HUNGARY will buy foreign microchips and microprocessors to make up for the loss of domestic production after a fire at its main micro-electronics plant in Budapest, the Hungarian news agency said, Patrick Blum reports.

The fire destroyed the bulk of production lines at the Budapest Micro-Electronics Company's plant. The accident is a blow to Hungary's fledgling electronics industry which is one of the most successful in the Communist bloc outside the Soviet Union.

How fast-moving consumer goods keep moving.

SPD is market leader in the competitive world of high street distribution.

They deliver to every town, city and village in the UK at least once a week.

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Helping SPD to keep these prized contracts are Ford Cargo turbocharged 1615s, under the watchful eye of Steve Codd, the Senior Area Engineer.

"We keep comprehensive records of all our vehicles," he says. "We've found the Ford Cargo remarkably good on fuel economy.

Downtime figures are excellent, too. There's a lot of self-lubrication in a Cargo. It's a very, very easy vehicle to maintain.

And it's well accepted by our drivers.

The dealer support is first-rate right across the country. They all respond very quickly: wherever you are, you can be sure of getting the right part straight away."

SPD specialise in shared facility distribution, so their relationship with several customers can be riding on a single truck. Naturally, when they buy trucks, reliability comes high on the list.

"The Cargo is a very good truck," says Steve Codd, "And Ford stand by it.

It makes all the difference in the world."

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Revival of the Fittest

The West's older manufacturing sectors have sometimes been dismissed as "sunset" industries, condemned to stagnation and decline. But advanced production technology offers the chance of a fresh lease of life, which many companies are eagerly grasping. In the first article in an occasional series, **William Dullforce in Geneva**, reports on how automation has transformed Swiss watchmaking.

How Swatch cut costs in time

THE SWATCH, the cheap, electronic, plastic watch which has spearheaded the comeback of the Swiss watchmaking industry, is a triumph of imaginative promotion. But the triumph would never have been realised without the new watch assembling technology that procured it a competitive edge in quality and pricing.

The fully automated production line developed for the Swatch was crucial to the survival of Swiss watchmaking

Ernst Thomke: 'Godfather of the plastic timepiece'

and has taken the industry the final step from a craft to mass manufacturing, says Mr Ernst Thomke, now popularly known as the godfather of the plastic timepiece.

Last year 8.3m Swatches were produced at the ETA factory in the small town of Grenchen at the foot of the Jura mountains. They scored a fabulous success with consumers in US department stores and in several European countries. They signalled the triumphant return of the Swiss to the high-volume, low-price end of the watch market that they appeared to have lost to the likes of Japan's Seiko and Citizen and to the Hong Kong producers.

SMH, Switzerland's biggest and newly restructured watchmaking group, to which ETA belongs, last year improved its cash flow by 39 per cent to SFr 121m ($67m) and more than doubled its net profit. Thomke claims that the Swatch and ETA's components manufacturing business are now the two biggest contributors to SMH earnings.

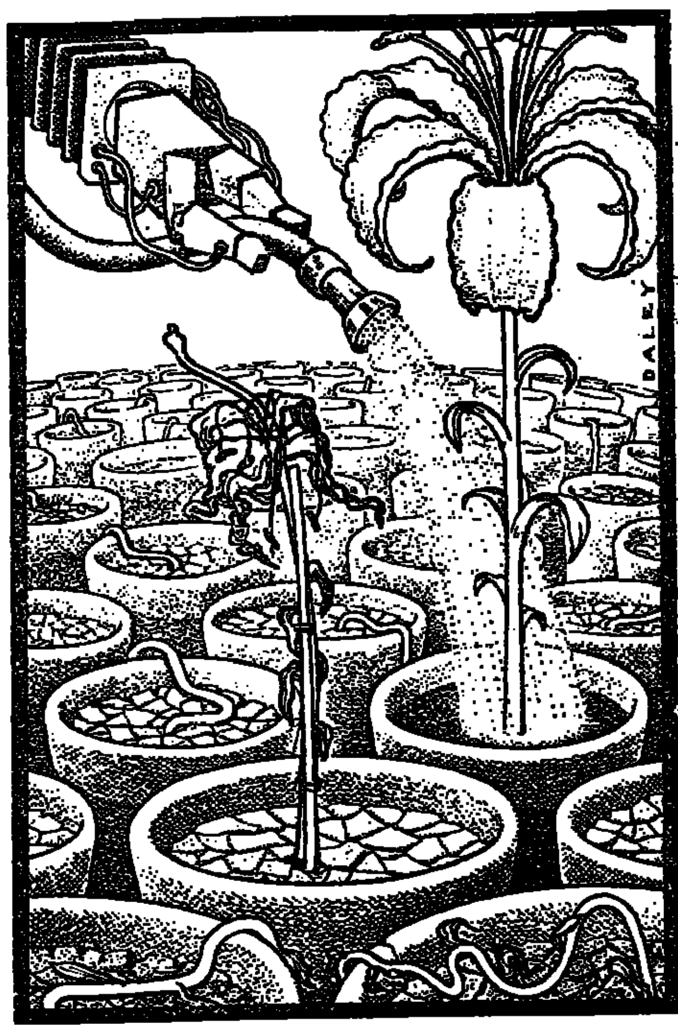
A small band of private investors led by Mr Nicolas Hayek, the industrial consultant, last year bought a controlling share in the group from the banks which came to its rescue three years ago.

The original impulse that took Thomke to the Swatch was the need to preserve ETA's chip-making capacity. ETA is the biggest manufacturer outside Japan of components and movements for watches. It supplies companies producing watches, both within the SMH group and outside, and has a particularly big export market in Hong Kong.

Its problem at the end of the 1970s was that, with the retreat of Swiss watchmakers from the cheap watch market, future demand for its integrated circuits was clearly not going to be large enough to enable it to reach the volume of output it would need to remain cost competitive.

Thomke's efforts to persuade individualistic Swiss watchmakers to join forces, reduce their vast number of products and simplify production got nowhere. ETA then looked at the possibility of going it alone and eventually arrived at a specification for an electronic watch to beat the Japanese.

It plumped for a quartz analogue (with dial and hands) in the belief that the digital watch with its liquid display crystal was losing favour with consumers.



At the time it cost ETA about SFr 20 to make a quartz analogue movement but the cost was on a swiftly declining curve. Thomke's specification stipulated a maximum production cost of SFr 10 for the complete new timepiece, not just for the movement.

That was impossible with the traditional watch, where the metal case and the strap formed the more expensive part, and with existing watch assembling methods. Both Swiss and Japanese had succeeded in applying automation to the making of the watch movements but not to the assembling of the parts, including the dial and hands, in the case.

To meet the Swatch cost target with Swiss labour prices maximum automation of the assembly process was needed. High volume production demanded a simple basic shape for the timepiece.

In competing with the Japanese to produce the thinnest possible watch ETA had already developed a technique for mounting the parts of the movement directly into the case of the watch instead of onto a separate plate.

It had also started to use plastics in watch movements and had some experience in high precision injection moulding. "We felt it should be possible to add a bit more plastic to make the case," Thomke says. Plastics would also allow the use of a broad range of colours and dial designs to add change and fashion to the classical circular shape.

A concept favourable for automated line production was emerging. In contrast to traditional watch assembling where the parts are fitted to both sides of a mounting plate they would be placed from one side only into a moulded case.

A crucial innovation was the adaption together with Branson of the US of its ultrasonic soldering techniques to weld the movement module into the case and to seal the crystal onto the cases. The system prevents a Swatch from being repaired, but the SFr 10 production cost target had in any case made repairs irrelevant.

SWISS WATCHMAKING: Key figures

	1982	1983	1984	1985
Exports of watches:				
Units (m)	18.5	15.7	17.8	25.2
Value (SFr m)	2,755	2,677	3,064	3,444
Exports of movements:				
Units (m)	12.7	14.6	14.5	13.4
Value (SFr m)	256	247	235	220
Exports of non-assembled movements:				
Units (m)	14.5	12.6	14.6	18.8
Value (SFr m)	81	77	98	139
Value of total exports (SFr m)	3,502	3,403	3,842	4,311
Employment in watch industry	38,151	33,396	30,978	31,949

Source: Federation of Swiss Watchmakers

Thomke denies that the Swatch assembly line is robotised, although it would certainly be so described in Japan. If a robot is characterised by the ability to move in three planes, there are very few on the Swatch line. Thomke says robots are too slow. Most of his machines are pick-and-place automats developed by ETA's own engineers from equipment they had been using to manufacture movements and components.

When the first Swatch assembly line was started 70 per cent of the production had to be discarded as defective. That was fairly quickly reduced to around 30 per cent by introducing control equipment developed in house and already used in producing movements.

SMH engineers have since built computerised measuring equipment to control quality at a dozen or more checkpoints on the line with information constantly available on screens.

Thomke says wastage is now less than 5 per cent and QUIS (quality information systems) has become a separate profit centre selling its equipment to Bosch and videotape producers. A lot of the Swatch production technology has been transferred to ETA's components manufacturing.

Output has exceeded the original targets. A five-year sales plan aimed at placing 800,000 Swatches on the market in 1983, 2.5m in 1984 and 6m in 1985. Numbers sold were 1.2m in 1983, 3.2m in 1984 and 8.3m in 1985 when production failed to meet demand. New assembly lines are being added.

ETA says 800 people are employed in making Swatches. A more interesting measure is that 8.3m were assembled last year by between 120 and 130 people, mostly women, working in three shifts. They included the maintenance staff and quality controllers.

In comparison between 300 and 400 people were needed to assemble less than 700,000 watches at Omega which is also part of the SMH group.

The Swatch, which sells at a retail price of SFr 50, now costs well under SFr 10 to produce and unit labour costs are set to fall further as output is expanded.

The original investment in developing the machinery for the assembly line and tooling up was SFr 25m ($12.5m). Considerably more has been spent since on improving equipment and expanding output. ETA will not say how much.

Thomke, now 47 and managing director of SMH's watch division, insists that motivating people is as essential as investment and developing new techniques when manufacturers seek to become more competitive.

Swatch: Crucial to survival of Swiss watchmaking

"The technology is easy if you have the right spirit," he says and stresses the importance of releasing the innovative capacity that, he argues, can be found in most manufacturing plants but is seldom even noticed by senior management.

"You couldn't sell 100,000 of that muck," Thomke was told when he first presented the plans for the Swatch conceived by his young engineering team. Last year's sales of 8.3m Swatches showed how blind that judgment was.

BP devises safer way to strip asbestos

ASBESTOS STRIPPING has been made easier and safer by BP Chemicals of Southampton, UK (0703 894736), where a sprayed fluid has been devised that loosens the cement-based binding agents within asbestos and reduces the level of dust emission during stripping.

The advantage of the product, called Astrip, is that unlike water, it does not dry out. Additives in the product also bind the fibres together, preventing atmospheric release.

Astrip stains treated materials, making any residual asbestos immediately visible during subsequent cleaning. BP says that trials conducted with the material on pipework for example, with a fluid application time of one hour, produced only 0.09 fibres per millilitre, whereas using water, there were 0.16 fibres per millilitre.

DEAF PEOPLE can benefit from a new "tactile acoustic monitor" or TAM, developed by the Royal National Institute for the Deaf and made in the UK by Summit CP of Birmingham under licence from the British Technology Group.

The device costs £125. It consists of a wrist-worn tactile vibrator driven from a pocket-sized unit which picks up sound and makes the wrist unit vibrate in sympathy. TAM clearly shows the difference between many everyday sounds like the telephone, speech, or a knock on the door. It is also expected to help with lip reading. Those who are profoundly deaf and cannot benefit from a hearing aid are expected to find the device most useful.

DIRECT DIALLING-IN (DDI) in which, in effect, each phone user in a company has a private outside line, by-passing the PABX operator, has been made much cheaper to implement according to IQD of Crewkerne, Somerset, UK (0460 74433). The company is offering Mini-Phonethru which, at £364 will provide, it is claimed, "all the facilities of a full DDI system."

ALCOHOL DETERMINATION in beer, wines and spirits can be tedious and expensive using current analytical methods, says Lion Laboratories of Glamorgan, UK (0446 742244).

So the company, already known for its "breathaliser" instruments, has designed the Drinks Alcometer DA-1 in collaboration with the University of Wales Institute of Technology and a sherry producer.

The instrument uses an electrochemical sensor in which a sample volume is drawn in and the methyl alcohol content oxidised to acetic acid. The presence of the acid gives rise to an electrical output between two electrodes which is a measure of the alcohol concentration.

Microprocessor controlled, the instrument can deal with 20 analyses an hour and can average the result of five

WORTH WATCHING

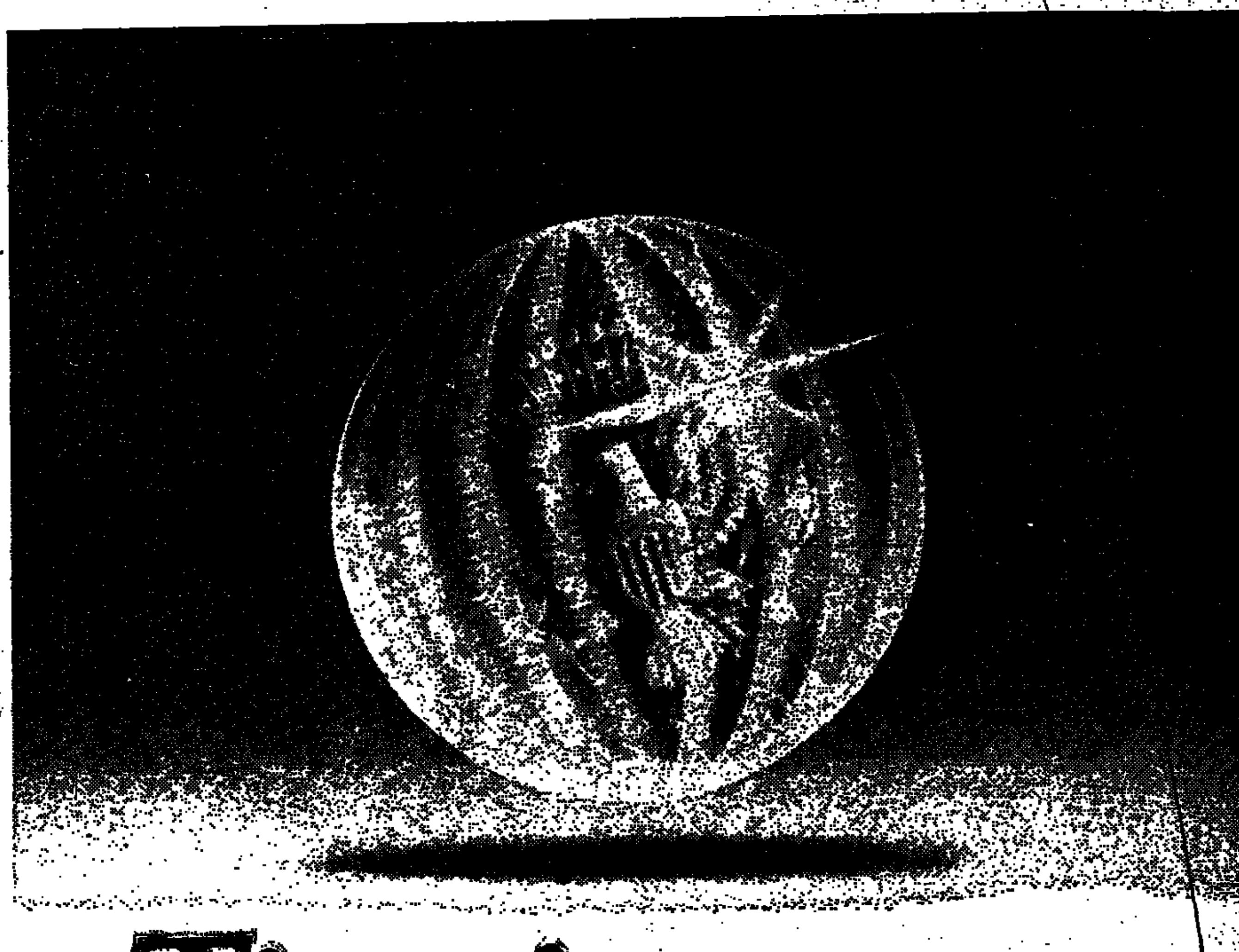
Edited by Geoff Charlish

samples. Since the measurement is temperature sensitive, the micro also monitors temperature and makes appropriate corrections. Results appear on a liquid crystal display.

BATTERY TESTING in the case of lead acid cells, where conventionally a hydrometer is used through a vent cap, needs some other approach for the newer totally sealed cells.

So ERA of Leatherhead, UK, is developing a new method in which a defined pulse of current is drawn from the battery, causing the terminal voltage to respond in a way which, when analysed by microcomputer, reveals information about the state of charge.

By imposing a series of these sensing pulses throughout the service period of a vehicle, the state of the battery can be continuously updated. More from Mr Graham Hickson at ERA in Leatherhead on 037 274151.



FINANCIAL TIMES SURVEY

Wednesday May 28 1986

REFURBISHING

Post-war system-built houses and tower blocks are crumbling. Meanwhile, business property is rapidly becoming obsolescent as computer cabling and air conditioning becomes common

Old bottles for new wine

By David Lawson

LOOKING UPWARDS at a skeletal wall gripped by a spiderwork of steel in the City of London, it is hard to decide where refurbishing ends and new building begins. This is all that remains of an Edwardian office block overtaken by the demands of new technology and the impending deregulation of the financial markets.

The wall must stay because conservation policy demands it. But behind will rise the most modern space demanded by companies linked into a global computer network. Technically, this is a refurbishment, although the cost of the work is just as likely to go on record as new building.

A couple of miles westwards, the familiar Barkers store in Kensington High Street stands roofless and hollow but for rubble in the first stage of a £27m transformation into offices and shopping, another candidate for classification as new construction.

A wide spectrum stretches from these drastic solutions to obsolescence, through the remodelling of shopping centres, recladding of office blocks and re-roofing of houses and hospitals, down to the movement of a few partitions in an accounts department and a householder replacing the floorboards in his dining room. And the lowest level of refurbishing is just as likely to be missed out of the grand totals because of the grip of the black economy.

According to official figures, new construction outweighs repairs, maintenance and improvement (RMI) work by more than 50 per cent in the total UK output of more than £22bn. But these failings in detecting refurbishing make it more likely that work on older buildings is as important as putting up new ones.

Old buildings have proved vital for the sector as it drifted through adverse conditions, and RMI rose from a mere 25 per cent of output in the early 1970s. They promise to continue this role as both the public sector and the development industry move away from new building and into refurbishing and repair.

Fortunes are already changing among companies able to move with the times by developing new technical and marketing skills. DIY suppliers are booming and materials production is switching from heavy structural products to lighter ones.

Housing holds some of the greatest potential, which is why companies such as Barratts are setting up urban regeneration divisions and the shares of an expert in apartment block refurbishing like Regalian outperformed all others in the sector last year.

Tower blocks and council estates are crumbling because of the failures of post-war building techniques. The cost of repair has been estimated at £20bn over the next 10 years.

This is a fairly meaningless figure to the industry as the UK Government has no intention of spending anything like this amount. On the other hand the stories about reductions in public spending on refurbishing seem misplaced, according to Mr Jamie Stevenson of brokers Savory Milln. The number of renovations by local authorities and housing associations grew by 68 per cent to 108,000 between 1981 and last year. There is further great potential from the £5bn of council house sales receipts still frozen in local authority coffers, awaiting a pre-election release by the Government.

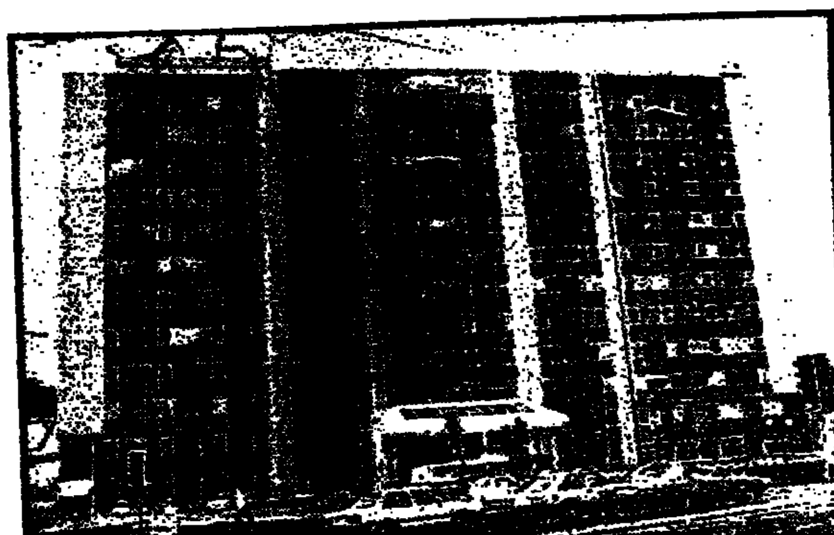
Meanwhile, building companies in close touch with councils, often small local concerns, are revelling in the work and their bigger brothers can almost pick and choose tower blocks and estates offered for sale.

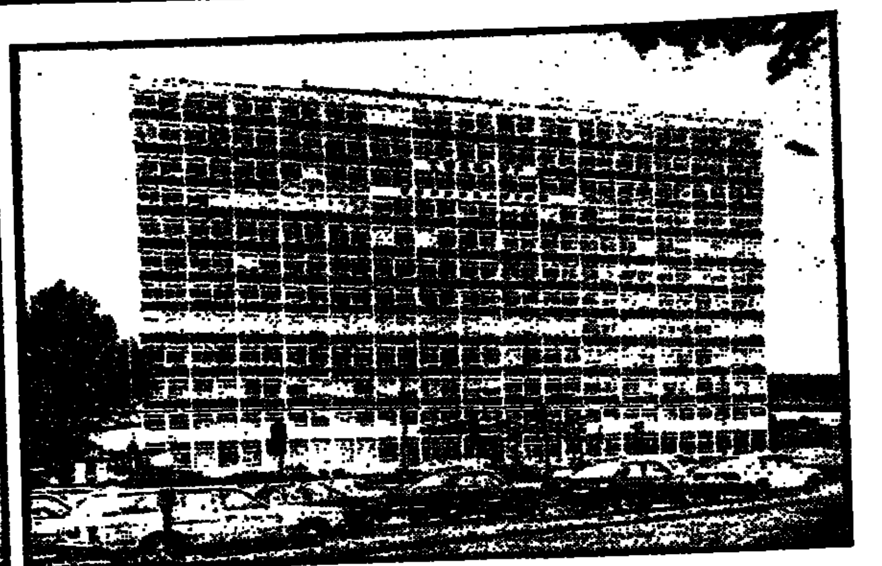
Fears about a collapse of refurbishing in private sector housing with the reduction of home improvement grants and the extension of VAT to repairs have also proved unfounded.

"House-buying is booming, with an extra 3m owners in the past three years spending an extra £1bn a year on work to their homes," says Mr Stevenson.

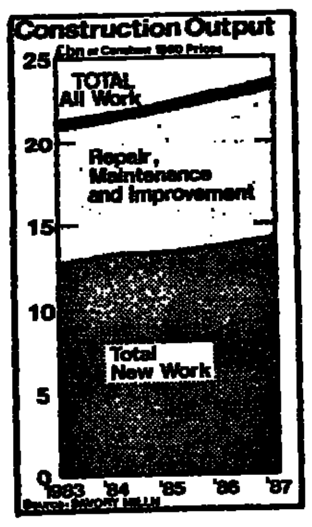
Home improvement grants have also reached a plateau after a steep fall last year, and are still twice the 1981 level. The private sector has as much potential as local authority housing, with an even higher estimate of the cost of raising standards over the next decade. The building societies seem keen to help fund these improvements, through mortgages for owners in the short-term and their own redevelopment organisations after they receive proposed new powers.

Rising ownership and loosening government purse strings should therefore see the volume of housing work growing steadily for the rest of the decade. Builders may then have to turn even more strongly to renovation because they will start losing their new-build market as owner-occupation reaches a saturation level of about 75 per cent of households.





Post-war office blocks can require extensive alterations to bring them up to modern demands. Imry Properties spent £7m giving a new face to the Boston Park Plaza landmark (above) on the Brentford flyover in west London, and was rewarded by a pre-letting at premium rents to Wang



Repair, Maintenance and Improvement

£bn (constant 1980 prices)

	Actual 1981	Actual 1982	Actual 1983	Actual 1984	1st 9 months 1984	1st 9 months 1985	Forecast 1985	Forecast 1986	Forecast 1987
Housing	4.07	4.05	4.32	4.53	3.44	3.53	4.70	4.90	5.10
% change	−9	−1	+7	+5	+7	+3	+4	+4	+4
Public non-housing	2.68	2.65	2.72	2.69	2.01	1.92	2.60	2.65	2.70
% change	−8	−1	+3	−1	−2	−4	−3	+2	+2
Private non-housing	1.34	1.36	1.37	1.46	1.06	1.17	1.60	1.60	1.60
% change	−10	+1	+1	+7	+4	+11	+9	nc	nc
Total	8.18	8.07	8.43	8.69	6.52	6.64	8.90	9.15	9.40
% change	−9	−1	+4	+3.5	+4	+2	+2	+3	+3

Source: Savory Milln.

Many office blocks have been proving almost as fragile as houses because of the same problems over concrete deterioration and system failures in post-war building methods. They have also failed to keep up with occupiers' demands.

Cabling and ventilation for computer technology is difficult to fit into modern blocks, let alone pre-war ones and many have had to be stripped back to be fitted with new cladding, raised floors and more efficient services. Air conditioning equipment alone fitted to existing buildings between 1975 and 1984 rose from £55m to £66m a year at constant 1983 prices, according to Mr David MacRae of the manufacturer, Carrier Distribution.

The leading edge has been in the City of London, where financial groups are going through the traumas of finding suitable space for their computerised operations and dealing floors ready for the Big Bang. But improvements are being brought in right across the board by landlords wherever rent levels justify. Tenants are generally demanding better conditions and there is enough empty space around to be choosy.

New problems are arising as many speculative refurbs are being criticised by designers, who then find themselves with extra business ripping out the new services and starting again. These space planners have become so busy that many are being groomed for flotation on the stock market. Space Planning Services, which made profits of more than £300,000 last year, is to join the USM next month.

Many construction companies are also trying to move into the lucrative City market because of the over-capacity in other contracting work. But profits are hard to come by in such a cut-throat sector.

Another area where the designers are doing well is in shopping centre refurbishing. The rash of developments in the 1960s are wearing badly and with retail sales soaring, much revenue is being poured into reshaping and covering over many schemes. Shoppers today are more mobile and notoriously fickle, so centres are having to compete to attract them with comfort and glitter.

The whole field of infrastructure renewal is in a similar position as housing, with huge estimates for repairs but little prospect of extra government spending. National Health Service property requires more than £2bn spent to raise standards after suffering from problems of water penetration, cladding and flat-roof problems, according to one report.

New codes to handle extra traffic weight could mean more than £400m has to be spent on 100,000 UK bridges, although problems with concrete deterioration could push this figure much higher. In the US, where more investigations have been done on the problems caused by carbonation and salt corrosion, estimates go as high as $45.5bn to repair bridges compared with an annual allocation of $1.8bn.

Road maintenance has just received a boost through a UK government decision to clear the backlog within six years although local authorities are reporting that they are going under because of cuts in spending. Refurbishing is often under fire because it can involve patching rather than properly planned repairs.

Criticisms are not limited to roadworks, however. Apart from the poverty of speculative office work, housing refurbishment

CONTINUED ON PAGE 3

Offices

Time erodes assets

THE CONSEQUENCES of the last decade's industrial revolution are highly visible in the UK. Derelict mills and factories which could not cope with new technologies and markets litter the landscape and others have been cleared to make way for Meccano-like high-tech workshops.

The office revolution has been no less fundamental but in many cases is less noticed by outsiders because of the extensive reshaping of existing buildings to cope with new demands.

The video screen is becoming almost as common as the telephone as the extra efficiency of computers and modern telecommunications are forced on more office-based businesses by increasing competition. But even the most modern buildings often find difficulty coping with the extra cabling and ventilation required.

Property companies and institutional landlords find their assets are depreciating rapidly because they cannot provide these services to attract tenants nor justify large rent increases to existing ones. This happening at a time when tenants have relatively more power to choose because of the surplus of space available in UK cities.

Even worse for the landlords, it coincides with the end of leases on the large numbers of buildings put up in the boom years of the 1960s and 1970s, releasing long-standing tenants from their obligations. Many of these buildings were poorly constructed in any case, so they are both physically and economically obsolescent.

"It seems extraordinary that obsolescence has suddenly become noticed," says Mr James Hollington, of agents Healey and Baker. "It should have been obvious to professional property managers that all office buildings need intensive management and periodic upgrading."

In many cases owners have chosen to demolish older office blocks, but their hands are often tied by planning restrictions. For instance, much of the City of London core and about 70 per cent of Westminster, where there is most pressure for upgrading office space, are conservation areas.

On the other hand, there are positive reasons for refurbishing, such as the higher proportion of floorspace allowed in older buildings because of easier planning regulations when they were put up. It is also possible to work around existing tenants, maintaining some form of income flow. Many will put up with the disturbance because they want to remain in an older building because of its character and image or because they have grown comfortable with it, acording to building surveyors Watts and Partners.

"Refurbishing is not always a second choice and not always a matter of costs, particularly for owner-occupiers," says the firm, which has proved the case through the £500,000 conversion of a redundant church for its own offices in south-east London.

The variety of motivations for refurbishing office buildings means an equally wide range of work. It can vary from the sort of internal renovation by a tenant or owner every five years or so, through to the complete stripping of a building to leave only the frame or, in the case of conservation areas, the outside walls.

Bucklersbury House, the 170,000 sq ft block, built in the City more than 20 years ago, is a classic example of continuous renovation to keep up standards and rent flows for the owners, Legal & General.

"It is a bit like painting the Forth Bridge," says Mr Richard Clare of quantity surveyors E. C. Harris. "The building has many tenants, and as one leaves we upgrade the space, usually in lumps of about 10,000 to 15,000 sq ft, at a cost of £45 to £65 a sq ft."

The space released is rarely advertised because there is such great demand from smaller tenants, proving that not all activity in the City is coming from the big players requiring dealing floors the size of football pitches—although raised floors are now being put into Bucklersbury House. Space has just been let at almost £32 a square foot.

At the other end of the extreme is Boston Park Plaza, a familiar landmark to commuters driving west out of London since it was put up by Imry Properties in the 1960s. It is not quite so familiar any more, as Imry took back the 105,000 sq ft building from the tenants and decided to go all out on refurbishment costing more than £7m.

Under a design and build contract by Nico Construction the old-fashioned curtain walling gave way to modern smoked glass and full air-conditioning and raised floors were installed. Before the construction work had finished Wang snapped the building up for £14 a square foot, a good 30 per cent more than could have been expected for the old space—if it could have been let at all.

Between the extremes are a host of schemes. At the Wang end they are mainly in the office centres of the south where rents are high enough to justify spending. Such big refurbishments would not be feasible in centres like Leicester or Derby, Mr Hollington says.

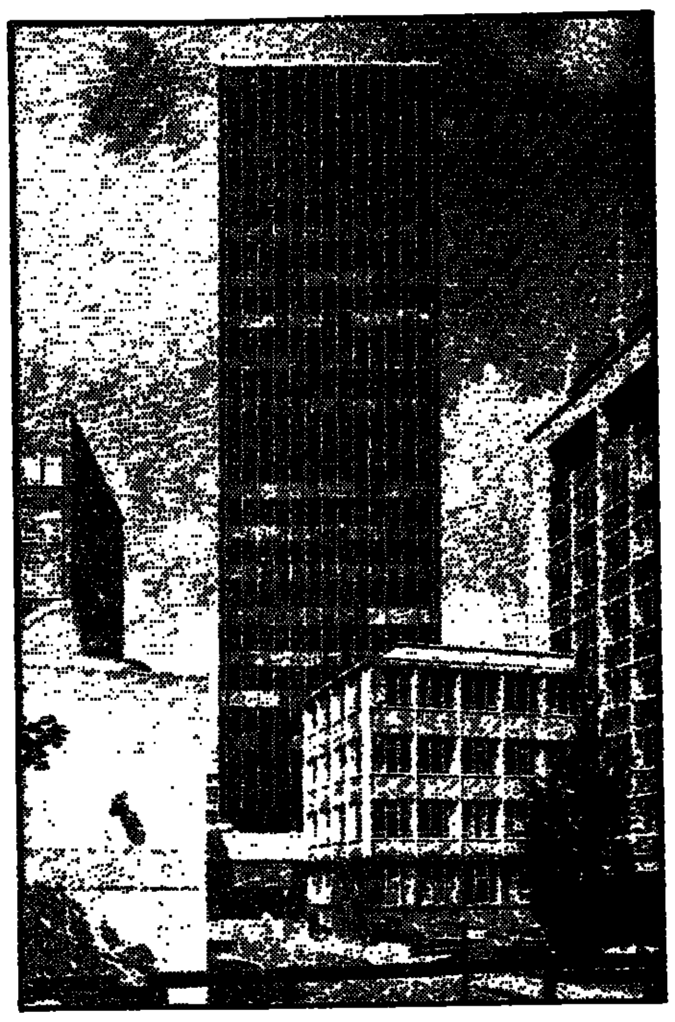
The City of London, on the other hand, boasts half a dozen or more large projects for putting 21st century space in 19th century buildings to cope with the high-specification demands coming from dealers.

For instance, building surveyors at Jones Lang Wootton are spending £5m of Scottish Provident's money to transform a block opposite the Bank of England. The builders, who are working round some existing tenants, are adding a modern touch by filling in the light well to add another 5,000 sq ft of space — good value at City rents of more than £30 a sq ft, and convenient for modern technology as all the new floors are a few inches deeper than the old ones, providing space for underfloor cabling.

Putting new wine into old bottles is rarely easy, older office buildings often have bigger floor-to-ceiling measurements than required, but increasing the number of floors to gain space can run up against problems with window spaces. More modern blocks, on other hand, may not have the 12 ft clearance necessary to take insertion of false ceilings and floors to hold ducting and cabling. Floor loading can also be a drawback in 1960s blocks, as can the interference of columns and poor insulation.

The City Tower, a 20-storey tower in Basinghall Street, has proved that problems can be overcome, however. The space has let quickly after architects GMW reclad the building and transformed the internal services for landlords Wates City and Phoenix Assurance. Ironically, these sorts of buildings are now more likely to be cleared under a more liberal City planning regime.

David Lawson



The City Tower in London, reclad and transformed

Space Planning

Reshaping for efficiency

PRESSURES FOR more efficient use of buildings are growing at the same time as many of those structures are rapidly becoming obsolescent, providing a rich source of refurbishing business where rebuilding is either ruled out or uneconomic.

Office-based businesses have traditionally been less aware of the efficiency of their premises than manufacturers and retailers, because they lack the same easy measures of productivity and sales to judge against costs per foot. Many also had no better place to go, tied as they were to crowded city centres.

Rising rent and local authority rates at a time of tighter profit margins started to force companies to see their premises in a new light and to demand more for their money. This has been reinforced by the more common use of computers, which are difficult to fit into many buildings because of the cabling and extra ventilation required, and the rising demands of staff for better conditions of work.

Surplus space on the market in most city centres has given tenants a better chance of finding the right sort of space and forced landlords into the realisation that they have to upgrade their assets to have the best chance of letting them and to keep rent levels rising.

So the interiors of buildings have become as important as the structure and a new breed of space planners has been born, drawing on knowledge of construction, design and management techniques to advise occupiers and owners.

At the lowest level this can involve the regular five-yearly reorganisation of space by a tenant which may involve nothing more than moving furniture and redecorating, according to Mr Peter Lebus, of CE Planning, one of this new breed. But more likely it will involve a space audit to show whether the office can be organised more efficiently, whether the premises can take new technology and how changes can be made at a reasonable cost.

At the highest level, the advice can involve ripping out the guts of a building to install new services, lighting, ceilings and raised floors. This advice is not just confined to Victorian piles, either. Much of the curtain-walled harvest, grown since the 1960s, suffers from inadequate servicing and poor materials.

FITTING-OUT COSTS

	£ per sq metre
Raised floor	41.47
Suspended ceiling	27.14
Recessed lighting	30.10
Carpet tiles	19.98
Partitions	21.80
Wallcoverings	6.98
Special joinery	9.79
Blinds, shelves, etc.	16.49
Builders' prelimins.	20.82
Builders' profit and overheads	7.86
Total	204.43
Projected growth to June 1986 cost of	207.55

Based on hypothetical 490 sq metre floor stripped for refurbishing.
Source: Space Planning Services/Wakeman Trower & Partners.

But while many owners have taken up the challenge by reshaping their office blocks, the buildings are coming in from just as much criticism from occupiers and designers because they are still not providing the right sort of buildings.

"They are built down to the lowest common denominator the market will accept," says design consultant Mr David Leon.

"Many companies relocate to these speculative developments trying desperately to meet the challenge of the information technology revolution. But the buildings work against this presenting substantial costs in altering what appears to be a finished building."

Mr Leon's practice found this problem when it relocated Roussel Laboratories from an obsolete 1960s block to a new 100,000 sq ft Thames Water Authority development on the Denham studios site in Buckinghamshire. The new carpets and wall finishes were extremely basic and had to be stripped out, but it proved too expensive to do this to the unsatisfactory bright fluorescent lighting, which combined with the glazed curtain walls created glare on the computer screens.

This shows that even new refurbishments form a part of the market, says Mr Leon.

Speculative schemes in older buildings were equally uninspiring, with large sums of money spent on cosmetic features like ceilings, floors and reception areas which have to be ripped out by the incoming occupier.

These problems can often lead consultants to persuade occupiers to stay where they are and make better use of their existing space. The international advertising company, J. Walter Thompson, called off a move from Berkeley Square for this reason in the 1970s on the advice of Space Planning Services. This later led to a progressive upgrading of the existing buildings—a tall and narrow former house and a neighbouring 1960s office block—by gradually stripping back to the basic structure and creating modern conditions while retaining the intimate domestic atmosphere.

All this had to be done while the building was occupied, a common problem in refurbishing projects.

Perhaps the most lively area for the space planners is the City of London, where new technology has become almost mandatory and new dealing floors are being squeezed into old and new buildings to cope with the impending deregulation of the Stock Exchange. Planning restrictions limit demolition so refurbishing is common to provide for those unable or unwilling to migrate into new buildings.

Merchant bankers J. Henry Schroder Wagg has been provided with a 13,000 sq ft dealing floor at its Cheapside building as part of a project organised by SPS to see the firm through to the end of the decade. Much of the effort went into creating a "cool and spacious" colour scheme to counteract the clamour of the dealing activities, and in choosing dealer desks refined from their original use in the electronics industry, says Mr Roger Henderson, SPS' managing director.

An indication of the special problems associated with these operations is the 60 miles of data cabling running beneath the floor, as well as telephone and power wiring.

David Lawson

Big Bang office block buster

SPECULATIVE building in Britain rarely matches tenants' needs exactly, but the demands from City groups for the most efficient buildings to suit the cut-throat competition heralded by impending financial deregulation has seen some astonishing work being done on brand new blocks.

It is difficult to decide whether the £20m being spent by Barclays Webb De Zoete at Ebbgate House on the north bank of the Thames can be classed as fitting out of a new block or as refurbishing. The 180,000 sq ft block, only finished in 1984, was taken over last year in the scramble by the big financial conglomerate for a large building close to the City and in the full knowledge that a lot would have to be spent on it.

In the event, it has been almost completely refurbished under the control of project managers, E. C. Harris before it was occupied and at a cost which is some £3m more than it would be for building the original block.

Most of the changes have come from the need to cram in almost twice as many people as the ratio of one per 10 sq metres for which the block was designed. Almost all the working areas have also been given raised floors to cope with the new technology — throwing up little problems like slopes running down to all the doors.

But all those electronics meant feeding extra electricity into the building, so even more cabling space was required. And it is not just any old electricity supply: all the City dealers must have guaranteed uninterrupted supplies, as even a tiny break could throw their computers into chaos. So more space and money went on standby power systems.

The extra heat meant a second air-conditioning system had to be installed, and this required construction of mezzanine floors to take the extra plant as well as threading the extra ducting through the ceilings and walls.

Perhaps the most revolutionary alteration has been the enclosure of an atrium at fourth-floor level in the centre of the building to create a 35,000 sq ft dealing floor, one of the biggest in the city.

Ebbgate is not alone in its revolution, however. Salomon Brothers, driven by the same desperation to create suitable space it could not find ready made, will convert the atrium in another brand-new office block, Victoria Plaza, built over the London station, to form a 55,000 sq ft floor to hold 300 dealing desks within the 158,000 sq ft of space taken in the building.

A building is never too young to be refurbished if the demand and the financial rewards are right.

David Lawson

Techniques & Materials

Necessities bring out inventions

NECESSITY being the mother of invention, the construction industry and its suppliers have become wonderfully inventive, as refurbishing has taken a steadily increasing share of workloads. They have found ways of making work easier, more *cost-effective* and enduring.

Refurbishing remains based on any combination of conversion, improvement and repair, says building surveyor Mr Richard Catt, who specialises in the field. This applies from the humblest home to a multimillion pound City of London scheme.

But whereas major contracts are likely to be highly supervised by specialists, preventing scope for corner-cutting, at the other end of the market builders can be tempted to skimp on repairs, hiding questionable *structural* elements behind fresh decorations.

Most of the big money is at the top of the market, so this is where many of the innovations have been developed. Ideas can be simple and sometimes the contractor's approach to solving problems are the key to his winning a contract.

Two good examples of this can be found in *Piccadilly* Circus, where access to remove tonnes of rubble, an inevitable by-product of major refurbishing, is a problem amid the congestion.

Among potential contractors *for* conversion of the old Swan & Edgar store *into what is now* called Centre at the Circus, only John Lelliott thought of placing a crane inside the gutted building, *enabling skips* to be winched in and out and on to lorries in the streets. The idea was decisive in winning the contract.

Almost next door, at the London Pavilion redevelopment, Trollope & Colls secured the £6.5m contracts partly because they were able to propose a method of supporting the façade *without external propping.*

Trollope & Colls propose a temporary structural steel frame behind the façade on three levels, so that it interferes neither with pedestrian flow nor with unloading of materials. It will take seven weeks to erect and occupy less than 15 per cent of the working area while allowing the construction of the *new permanent reinforced concrete* frame.

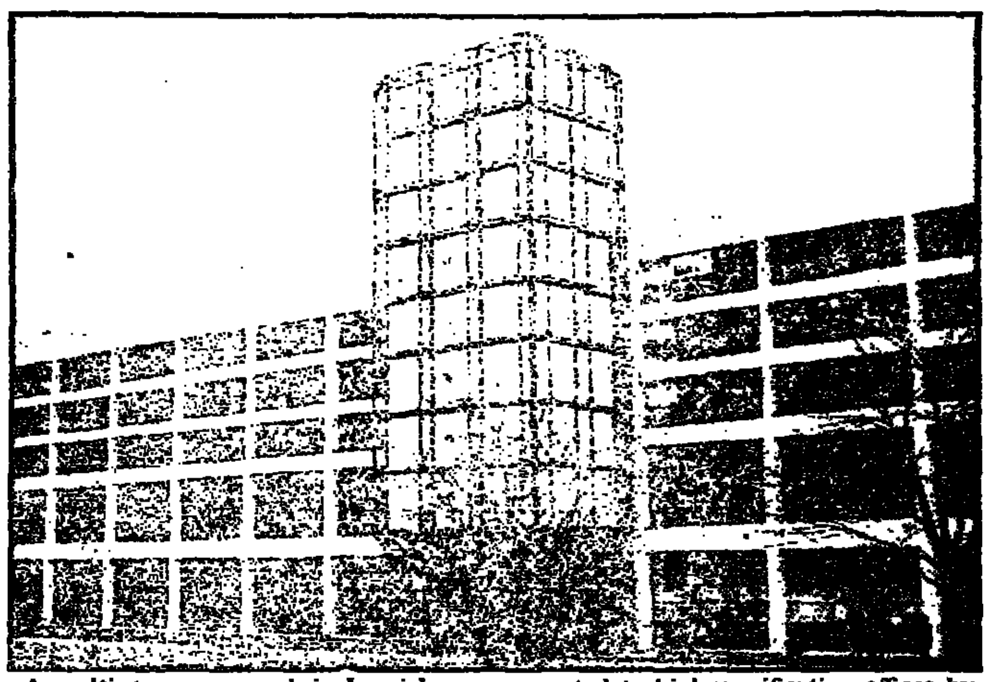
Another problem arose in the proposed re-cladding of a 1960s block, Bakers Hall, in new brickwork *incorporating* flush and protruding feature mullions and *spandrel* infill. It was found that the new building line oversailed the existing concrete floor beams to such a *degree that the new skins could* not be supported.

Consulting engineers Campbell, Reith and Hill helped Wates, the main contractor, solve the problem with fixing specialists Harris & Edgar.

This involved bolting *into* place more than 200 welded brackets and angle assemblies covering the face and returns of the columns. The assembly supported new precast lintels and the *mullion brickwork in* front of the columns. The lintels spanned the columns and supported the inner blockwork skin. *Stainless steel* angle was bolted to the lintels to support the spandrel brickwork.

Slightly less ambitious face-lifts for the thousands of drab 1960s and 1970s office blocks and other modular buildings are offered by a company called Spectus Windows. A UPVC system of low-rise curtain wall and full-height ribbon formation with double glazing can replace the old single-glazed metal-framed windows, which are *about* the *least energy*-efficient construction invented.

Energy efficiency is important in refurbishing. In public housing the counterpart of inefficient design are the problems of condensation, rot and mould, in addition to heat loss.



A multi-storey car park in Ipswich was converted to high-specification offices by Bovis under a £7.5m contract from Willis Faber

Most public sector stock built since the 1950s suffers these problems. Low-rise concrete houses of the 1950s—apart from those designated defective *under the recent Act meant to* protect people who bought them—can be repaired by external insulation and re-cladding. *Wimpey,* which built many of the estates, is doing a great deal of this work.

Forticrete has developed a system, used in Coventry, for internal and external re-cladding which can be acceptable for houses of the generation when room sizes were reasonably generous.

To the same generation *belong the 40,000 steel-framed* BISF houses built in this country just after the war. V. A. T. Watkins has developed t two-week refurbishment pack.

There are probably more repair and protection solutions for concrete than any other material because it was used so much, and failed so often. Sealocrete Products has de*veloped a liquid said to prevent* damage from water and salt corrosion *for 10 years,* which can be used on all concrete surfaces.

Glasurit Beck lists a package *of eight products* used in halting the chemical deterioration of concrete.

A recent repair by engineer Grantright Concrete related to chloride-contaminated concrete *one of the worst problems as it* results in corrosion of steel reinforcing—specified a modified mortar containing silica fume.

Other *projects* include Taywood Engineering's use of an impressed current cathodic system on a multi-storey building in *Southend, Essex,* for testing by the Property Services Agency over five years.

Coated Reinforcement has worked with engineers Armand Safier to intoduce into the UK a method of resin coating of *steel reinforcement* developed in the US for bridge and highway repairs.

Mira Bar-Hillel

Strength on a plate

ONE OF the main drawbacks with converting even quite *modern* office blocks to current demand from office users is the low floor loads that concrete floors will take. Filing cabinets and the various types of office machinery requires a capacity far ahead of limits anticipated even in the 1960s.

One solution was served up on a plate — or rather a large number of plates — by Balfour Beatty's Balvac Specialist Services for Guardian Royal Exchange, which was refurbishing its 10-storey Minerva House in Leeds when cracks were found where the floors meet columns.

Mild steel plates were *designed by consultants* Thorburn Associates to cover and strengthen the floor slabs. Problems had to be overcome of getting the plates to the upper floors, working outside normal hours to avoid disturbing tenants still in the building and creating special lifts to avoid bending the plates.

But the biggest headache was *testing* their efficiency. Moving 140 tons of ballast *through a 3 metre by 1.5* metre window, 80ft in the air, was solved with the help of the Fire Service pumping *130,000 litres of water* up through the dry riser in eight hours to fill 650 barrels.

Unfortunately it then took three days to pump them out, through the only small pipe available for waste water. But at least the strengthening technique proved successful.

David Lawson

Historic lessons for US

THE BRITISH are exporting their experience of refurbishing office blocks to the US, where fewer planning constraints and more space means that demolition and rebuilding is more common.

A clutch of development companies such as Greycoat, *London & Leeds* and *British* Land are involved in New York and Washington with *renovation.*

"There is a degree of refurbishing going on, especially in protected areas of historic cities such as Washington and Boston, but the *Americans do not seem* willing to put the same amount of time and money into refurbs as the British," says Mr John Weir of Greycoat.

"*We aim to make them* into first-class developments, with little difference of approach than to new buildings."

Greycoat has three schemes under way or planned. Its *23-storey Avenue of the* Americas development in New York, built in 1961, stacked up as a refurb (it had sitting tenants) and seems to be proving the sums right as it is 95 per cent let at rents of $35 a sq ft compared with a previous $23.

A 180,000 sq ft Washington office block built 40 years ago will be offered at rents close to those for new space. This and another 120,000 sq ft Washington block being renovated are in the same sort of *prime* area as *the* New York scheme, providing the financial justification for the $70 a sq ft spent renewing the air-conditioning, lighting, power and other services.

One of the problems to be *overcome in* Washington is the tight spacing of 8 ft 4 ins between floor slabs, which makes it a squeeze to fit in services such as raised floors.

"But these are not normally required in the US," says Mr Weir—perhaps a salutory message for those who are feverishly converting every UK building available to this *system.*

David Lawson

Costs

Spending a penny costs pounds

THE COST of refurbishing varies widely according to condition and specifications. It is *not* necessarily the oldest building which will cost most per foot, and when broken down this way, services such as toilets and stairways can prove more expensive than working space.

Quantity *surveyors* E. C. Harris quote four typical examples of London office blocks:

- Approximate date of building 1800. Floor loadings increased, some structural work, new lift, air-conditioning to very *small* part. Lettable office space £553 per sq metre (£51 per sq ft). *Toilets* £1,156 per sq metre (£107 per sq ft). Landlord's common areas (lifts, halls, stairs, etc) £985 per sq metre (£92 per sq ft). *Overall* £627 per sq metre (£58 per sq ft).
- Approximate date of building 1835. Building in good condition, no increases in floor loadings, new stairs, lifts, no air-conditioning. Lettable office space £470 per sq metre (£44 per sq ft). Toilets £1,837 per sq metre (£171 per sq ft). Landlord's common areas (lifts, halls, *stairs, etc*) £892 *per sq* metre (£83 per sq ft). Overall £576 per sq metre (£54 per sq ft).
- Approximate age of building 1920. Some structural work, new windows, new lifts, no air-conditioning. Lettable office space £474 per sq metre (£44 per sq ft). Toilets £1,445 per sq metre (£134 per sq ft). Landlord's *common* area (lifts, halls, stairs, etc) £1,166 per sq metre (£108 per sq ft). Overall £604 *per sq metre* (£56 per sq ft).
- Approximate age of building 1950. No new lifts, refurbishment of lift lobbies, new air-conditioning. Lettable office space £523 per sq metre (£49 per sq ft). Toilets £894 per sq metre (£83 per sq ft). Lanlord's common *areas* (lifts, halls, stairs, etc) £302 per sq metre (£28 per sq ft). Overall £510 per sq metre (£47 per sq ft).

New building costs in the City of London also vary enormously but E. C. Harris quotes examples ranging from £66 a sq ft for the simplest, steel-frame office block with basic *services to £126 a sq ft* for a complex, owner-occupied, reinforced concrete one with high servicing standards.

David Lawson

The Ashton Memorial in Lancaster, called the grandest monument in England, will be restored by Shepherd Construction as the centrepiece of a theme park.

Old bottles for new wine

CONTINUED FROM PAGE 1

comes under fire from Mr Leon Hill of the Chartered Institute of Builders, who says that similar patch-up jobs are being done.

"Council houses that have been refurbished still look like *council* houses. Warehouses turned into living accommodation still look like warehouses. Is that really going to be *satisfactory in 10 or 15 years* time?" he asks.

Too much refurbishment was presenting just a superficial face. Houses *should* have the same treatment of being stripped back that office blocks are given.

But whatever the judgment on the work being carried out, it seems that there is plenty of it to go round *for the construc*tion and property industries—and plenty more of it yet to come.

Industry

Cheap and cheerful

THE SCOPE of the refurbishing challenge in the UK is enormous. Some 120m sq ft of industrial and warehouse property is vacant, and much is simply dumped on the market. Furthermore, the range of buildings is diverse and the quality extremely varied.

The question of whether to refurbish hinges on cost. A 1960s factory with the slab and steel frame in reasonable condition can cost only about one-third the price of a new structure. But not all buildings can be refurbished at a cost-effective price.

At the bottom of the range in the traditional industrial heartland (and waste-land) of modern Britain, the West Midlands, the cheap and cheerful approach is common. "Nothing fancy and a quick turnround is what is needed," says Mr Fred Dyer of Colliers Bigwood & Bewlay, one of the leading agents for industrial property in the region.

"Buy the factories at between £1 and £2 per sq ft freehold, spend about £1 per foot on them, and sell for £5 a sq ft. There is demand for units from 1,000 sq ft to 10,000 sq ft. This compares with new-build prices of between £16 and £25 per foot," he says.

Many of Mr Dyer's buildings come from capacity discarded by the likes of GKN and Tube Investments, and many of his clients are people using redundancy money to set up small businesses.

During 1981-82, Mr Dyer had 10m sq ft of space on his books out of a regional availability of 30m sq ft. That figure has fallen to about 4m sq ft (of a total 12m sq ft). He is currently dealing with seven old Land Rover factories ranging from 100,000 sq ft to 300,000 sq ft and built in the 1920s. Four have been sold.

"The key is speed," he says. "The deal must be done within a year and must be cheap and cheerful."

Mr John Worthington, of architects Duffy Eley Giffone Worthington (DEGW), illustrates some of the problems and advantages of general types of industrial refurbishment:

- A 19th century multi-storey warehouse/factory nearly always has character, and is easily adaptable to "cut and carve" development. But obstructive intermediate columns and piers abound and floor ceiling heights can be too low. Restrictive vehicle access may require selective demolition and insulation frequently needs upgrading.
- A multi-storey flat-roofed building with concrete frame was normally custom built for a large company and is often an overdense development with good offices after refurbishing, as it is easy to strip back to the frame and add new cladding. Planning of access and toilets is usually good.
- Concrete portal frame sheds from 1920s onwards, single or double storey, sometimes have an ancillary office block attached. They are relatively easy to reclad, re-roof, add roof lights and windows. Cladding, often asbestos, needing upgrading. Cracked and rusty reinforcement in portals can also appear. Roof junctions can be defective.
- The 1950s sawtooth shed is normally single storey with an asbestos and translucent roof. Different cladding and glazing is easily added. Valley gutters can require high maintenance. They are normally built in an industrial estate, may be used on a deep site and are usually short of amenities for employees. They have abundant natural light, but may be difficult to sub-divide without a corridor, with consequent fire safety factors involved.
- The 1960s modern portal-shed "box," built in industrial estates, can be upgraded to ordinary or high-tech style. It is easy to reclad and reroof. Cladding weathers badly and poor insulation leads to summer overheating. It usually has inadequate car parking, good landscaping and some amenities.

Changes in industrial needs no longer make 40 ft spans necessary and some high-tech assembly businesses are, in fact, more at home in older buildings.

Some leading high-tech names started life in old nursery units. Digital went from 10,000 sq ft of refurbished space into its current use of 2m sq ft.

Mr Clive Sinclair started out in a converted bottling shed. Acorn Computers found life quite bearable in a renovated water treatment plant while Mr Eddie Shah, the catalyst of Fleet Street revolution, has taken over a redundant steel warehouse to print part of his newspaper.

The advent of high-tech, with its special needs, has forced some changes to the "cheap and cheerful" approach. But Mr Worthington draws the distinction between high-tech process and product (say chip manufacture) and low-tech processes and high-tech products (such as software assembly and electronic customising).

One of the cardinal rules of refurbishment is to try to stick within the same class of use. If the building is industrial, refurbishment will be easier if it stays industrial—and less of a planning problem.

Equally important is the selection of the right building, with enough space on the site, Mr Worthington says. Otherwise you have to demolish something to make more room. Floor-to-floor levels can be very important.

Nicholas Falk of Urbed (Urban and Economic Development), specialises in regenerating run-down areas and creating small new businesses in units ranging from 100 sq ft to 5,000 sq ft. A prime example is the Kirkaldy Testing and Experimenting Works in Southwark Street, London SE1.

Urbed was project manager and DEGW the architect on the building, which purchased for £35,000. About £250,000 was spent on fire escape and fire protection, services, windows, doors, cleaning and repointing. The renovated block was let to information technology, engineering and design groups at rents of £3.75 to £4.50 sq ft for light industrial space and between £6-£8 for offices.

Mr Martin Barber, chairman of Capital & Regional, is controlling a Gary, Indiana, project involving 1m sq ft of single-storey industrial space and 30,000 sq ft of offices, bought last year for \$10.75m.

Some \$1.5m has been spent on the former steel rolling mill to create 18 units. A 35-strong C & R management team runs the project.

"We would never have been able to arrange a deal like this in Britain," Mr Barber says. "We spent about \$1 per foot upgrading the space and are getting between \$2.50 to \$3.50 a foot in rent."

The limited partnership set up for the project raised \$1.68m while extra funds were available from a non-recourse 10-year mortgage.

Mr Barber says there is a poor risk-reward ratio in the UK. The finance for his project would never have been made available.

Paul Hannon

Overcladding in brickwork and insulated aluminium panels were used by Fairclough to solve water penetration in these 1960s Gateshead council flats

Housing

Reviving rented homes

EXTENSION OF the assured tenancy scheme to substantially improved, repaired or converted property in the Housing and Planning Bill is aimed at helping revive the almost moribund private rented sector with the aid of building societies, insurance companies and pension funds as landlords.

Disrepair in housing is generally associated with the public sector. However, although the cost per house required to bring the sector up to modern standards is higher in the public sector (£20bn is the generally accepted figure), the bill for the private sector is higher—probably more than £25bn.

Much of this is due to conditions in the private rented sector. The Rent Acts have ensured that any investment in improving such stock will not be recouped from income, killing off most investment.

Other problems include elderly owner occupiers whose houses may be worth a great deal of money—but not while they live in them. There is a great deal of activity in the private housing sector but it seems to be triggered when properties becoming vacant making investment in refurbishing worthwhile.

Conversion of houses into flats probably adds as many properties to the market each year as the total production by Housing Associations according to Mr Richard Catt, building surveyor who specialises in refurbishing.

The field is problematic and prone to abuse by "cowboy" operators. Horror stories tend to grab the headlines but there are far more satisfactory conversions — and satisfied buyers, many of whom could never afford to buy anything else.

This trend, which has helped builders keep workers employed during slumps, is a boon to the inner cities, Mr Catt says.

Seaside towns have traditionally benefited from the fact that holiday lets are outside the Rent Acts. Big old houses have been converted into boarding houses, hotels and — the biggest single change in recent years — sheltered housing for the elderly.

Another influence has been luxury conversions such as warehouses along the Thames, in Wapping, the Isle of Dogs and further up the river on the South Bank. Building on structures which are sound and a market which will pay almost any price (£400,000 at Barratt's Gun Wharf), developers and architects are producing imaginative schemes.

Into this category fall conversions like the Diorama next to Regents Park, a Listed building erected in 1832 under the direction of Pugin and Nash. The building has been used as an early cinema, a Baptist chapel, a Clinic and as part of Bedford College.

Hunter and Partners' brief was that the Diorama should be restored as closely to the original as possible, including the mechanism for moving the seating. The new design will create 16 flats, two maisonettes and two houses.

Hunter and Partners is also involved in solving problems of public sector housing. Most originate from the disastrous "numbers game" played from the 1950s.

The political commitment to quantity meant that alternatives to good old building methods, which the private sector virtually never deviated from, were continually being brought in—almost invariably with bad results.

Steel framing was one of the "solutions" to the shortages of bricks and bricklayers caused by government promises of 300,000 homes a year in the early 1950s. Hunters has carried out the refurbishment of more than 1,000 BISF houses for eight local authorities.

Companies like Wimpey are now using their own laboratories to help overcome housing problems — some arising from their own early systems.

At Harold Hill Estate, in Havering, Wimpey externally refurbished some 1,000 houses which had suffered the public sector plague of condensation, water penetration and heat loss through poor insulation. Fixing of external insulation also allowed for a facelift. A similar approach enabled Rugby Council to save more than 100 units at Warwick Court from demolition.

Mira Bar-Hillel

Historic Buildings

Expert advantages over newcomers

RESTORING, maintaining and adapting historic buildings for alternative uses is assuming increasing importance in the construction industry. Fierce competition in the new-build and public sector markets has swelled the numbers of companies looking for such refurbishment.

Lord Montagu of Beaulieu, the chairman of the Historic Buildings and Monuments Commission for England, is concerned at the variable quality of conservation work and the "patchy nature of professional education."

Certainly the refurbishment of historic buildings requires an expertise which the specialists believe give them an advantage over new entrants to the market. "It must require its own skills because people who come into it from new-build don't make money at it initially," said one established refurbishment contractor, adding that refurbishment work "is not for the faint-hearted."

This may be because refurbishing an historic building in a conservation area can be like trying to change your shirt with one hand tied behind your back and a sack over your head—just possible, but only with skill, and patience and ingenuity. Constraints of access, neighbouring buildings, planning and costs often call for extraordinary feats of engineering.

A road-widening scheme in Ipswich, for example, would have required the demolition of the former Ragged School, built in 1858 and currently used as a signmaker's workshop. The owner wished to retain the building but was willing to have the facade demolished and a new one built three metres further back. The planning committee insisted that the existing facade be retained.

The solution was to move the entire front portion of the building back by jacking it up, demolishing a three-metre section in the middle of the building and sliding the front section back. It took nine weeks and the owner, behind a partition wall, was able to use the building throughout the work.

The project, carried out by specialist contractor Pynford South and supervised by Ipswich borough council, also shows that you have to expect the unexpected in historic building refurbishment. Once demolition started it was found that dry rot in the rear part of the building was worse than predicted. The main truss in the front of the building had to be replaced and the partition wall bonded to the side walls.

This kind of unforeseen disaster can add months to the contract and thousands to the price—one reason why fixed-price team or management contracts are often preferred.

In many town centres, particularly in the City and the West End of London, there is a constant conflict between the wishes of conservationists, planners and space users. But historic buildings can profitably be adapted for commercial use to satisfy all three.

A popular version is rebuilding behind a retained facade, which preserves the streetscape and reassures the passer-by. But it can call for complex solutions. When John Lelliott refurbished an old City building in Austin Friars for Laing Properties, it was impossible to shore the facade up from the street so the team had to work from inside the building, weaving round the flying shores and taking each one out as the steel framework went in.

Maximising lettable floor-space is a major consideration in the decision to refurbish. John Lelliott aims to guarantee a 25 per cent increase in space on a commercial refurbishment, although with an historic building the potential may be less.

Richard Seifert and Sons realised an extra 10 per cent of lettable space in Higgs & Hill's refurbishment of the 570,000 sq ft Adelphi building, near Charing Cross station, for Town & City Properties and Prudential Assurance. This was in spite of limited ceiling heights which meant that air-conditioning and service ducts had to be cut into the floor screed. Lift shafts were relocated, service cores remodelled and lightwells filled to provide extra space.

Placing new-build next to restoration work on an historic site requires architectural ingenuity and technical skill. The Government's Property Services Agency, which has responsibility for more than 2,000 historic buildings and monuments, has vast experience of making old buildings earn a living.

Due for completion early next year is the redevelopment of Richmond Terrace, off Whitehall, where a row of eight Georgian terraced houses is being reconstructed to the depth of one room while a six-storey office building is placed behind it. The listed facades will be restored to their 1820s glory, unobscured by 200,000 sq ft of Government offices.

Christine Whelan

Public Buildings

Continuous battle against budgets

BRITAIN's public buildings have more than their fair share of refurbishment problems. A large number of the country's schools, universities and hospitals are in old properties which need constant repairs and, idealy, full-scale refurbishment programmes to maintain standards.

It is estimated, for example, that more than half of Britain's hospital floorspace dates from before World War One and that National Health Service property as a whole needs £2bn spent on it to bring it up to "the minimum acceptable standard," according to the Building Employers' Confederation.

Keeping such buildings safe and fit for their purpose is a continuing battle for the various authorities against tightening budgets and a deteriorating basic stock.

Later generations of buildings for public use have spawned problems of their own. The design and construction errors of the 1960s and 1970s coming to light in housing affected larger buildings too. An independent report in 1984 estimated that water penetration of non-domestic buildings in the public sector would cost more than £1.2bn in repairs over 10 years. Problems include collapsing cladding and disintegrating floors as well as leaks and damp.

The 400-bed Royal Devon & Exeter Hospital faces demolition while in London major repairs had to be carried out at the Royal Free Hospital in Hampstead when cladding became detached from the high-rise ward block.

Water penetration was also at the heart of a chapter of disasters at the Roman Catholic cathedral in Liverpool, where architects and engineers agreed to pay £1.3m in damages for defects in design and construction. These have cost up to £3m to repair only 20 years after the building was completed.

Many public buildings built within the past 25 years have flat roofs, now acknowledged as one of the major culprits in allowing in water if they are not rigorously maintained and weather-proofed. Flat roofs can be up to four times more expensive to maintain than the pitched variety — an unwelcome addition to the public repairs budget.

When building surveyors Povall Worthington & Associates refurbished a maternity unit for the North West Regional Health Authority, the opportunity was taken to replace the problematic flat roof with a pitched roof and a mansard. The building, put up in the 1930s, was refurbished to provide a 30-year life at a cost of £1.3m while patients were still in occupation.

Refurbishing hospitals poses extra problems, for it is often not possible to close wards or turn patients away while work is in progress. Several hospitals carrying out upgrading schemes, including Cheltenham General, the Cameron Hospital in Hartlepool and Ashington General in Northumberland, have temporary buildings to keep services going.

Decaying timber, particularly in window-walls, has been exercising the ingenuity of education authorities in the past couple of years. Joinery decay is especially common in walls with a great deal of glass, popular in schools of the 1960s and 1970s.

The British climate, said to be the worst in the world for maintaining buildings, is partly at fault as windows were often

Computers have been extensively used by architects D. Y. Davies in designing the £68m refurbishment of Heathrow's Terminal Three, one of the biggest projects in the UK

designed to be south or west facing and therefore receive extremes of hot/dry and cold/wet weather. Some repairs can be made on the spot, but where the damage is too far advanced authorities have to foot the bill for a replacement.

Buildings put up with taxpayers' money are particularly vulnerable to public opinion on emotive issues such as potential risks to health. Perhaps the most controversial is asbestos.

A Health & Safety Commission report last year concluded that the danger to health from occasional and casual exposure to asbestos fibres is minimal—90 times less risky than nonsmokers being exposed to cigarette smoke for seven hours a week, and 50 times less dangerous than a 10-mile drive to or from work.

The report assumed that exposure was to chrysolite (white) asbestos, rather than to the more dangerous—and more rare — crocidolite (blue) or amosite (brown) versions. Nonetheless, building surveyor Mr Jack Campling, commenting on the report, states that "the risk from asbestos to the ordinary man in the street is virtually non-existent."—is a far cry from sensational reports of schools being evacuated because of an asbestos discovery.

Public concern has forced many local authorities into expensive, time-consuming and labour-intensive asbestos removal programmes. Solihull Borough Council, for instance, spent £300,000 on removing brown asbestos from damaged lagging in 1,600 properties. Much of the cost is in protecting removal workers and occupiers while the asbestos is in an unstable and dangerous state.

Air-conditioning plant in hospitals has also come under severe scrutiny following outbreaks of Legionnaire's disease in Stafford and Glasgow. New hospitals no longer have air-conditioning but in the few which are either wholly or partly air-conditioned, rigorous cleaning and chlorination of cooling towers and evaporating condensers is required at least twice a year.

Although the potential health hazard in hospitals is said to be under control, not enough is known about the disease and the possibility of it occurring in other air-conditioned public buildings for the problem to be disregarded.

Many of the defects affecting modern public buildings are the consequence of importing design and construction techniques and materials untested from countries where climate and conditions are different from Britain. More research based on the British experience should ensure that owners of public buildings can spend more of their budgets on enhancing their properties and less on applying first-aid to inherited casualties.

Christine Whelan

More than £5m was spent upgrading the Queensmere shopping centre in Slough

Retailing

Second bite of the cherry

RETAIL CUSTOMERS are becoming more sophisticated according to many involved in shopping centre and high street refurbishment—in other words business is becoming more cutthroat.

Retailers, developers and institutions are responding to this challenge by re-examining the formula which produced hundreds of shopping centres around Britain.

For developers, shopping centre refurbishment is the second bite of a cherry that many thought completely eaten a long time ago. In some cases, refurbishment costs exceed those of the original developments.

The most obvious feature in many refurbishments is the covering of areas exposed to the elements, and the provision of atria. The comfort of the customer has become of prime importance as centres compete fiercely for business.

On the more technical side, refurbishment can also make it possible to add a smoke well. Many of the 1960s shopping centres escaped the 1965 national building regulations, and do not have fire precautions such as sprinklers and smoke controls. Refurbishment allows them to catch up.

"There is no set package for refurbishment," says Mr Giles Marking, director of Fitch Design. "Some have fundamental flaws like the wrong size shops and poor access. Others just look tired, grey and dirty.

"We try to undo problems such as grafitti-covered lifts and stop treating the customer like a convict."

An example of what can be done to an old building is under way at the Barkers site in Kensington High Street, west London. The 1920s building, with its listed facade, is undergoing a £27m rebuild and refurbishment.

The interior has been demolished and Barkers has been rehoused temporarily in a 50,000 sq ft shop. Two connected shopping areas of 400,000 sq ft and 225,000 sq ft of prime office space are being built. A central atrium will dominate the building.

The removal of the roof for the atrium lowered the building's wind resistance, and it had to be upgraded by steel cross-bracing, while columns around the building have been strengthened to carry the new roof. Although the surgery is major, Mr James Howie, property controller of Barkers' owner, the House of Fraser, maintains that "the inherent strength and quality of the original building have allowed us to undertake such work."

Asbestos removal was a big job. Three months' work was budgeted for but no sooner had the last load been despatched than another three months' worth of asbestos was unearthed.

One of the main difficulties of the redevelopment is the material handling involved in removal of concrete and rubble and rebuilding in such a densely populated residential and retail area. But at the end of the day, Barkers will have had a £10m refit to its new smaller store and House of Fraser will be sitting upon a development worth some £74m.

Not all refurbishments are as drastic. At the Queensmere Centre in Slough, small floors were relaid, services upgraded, new entrances installed and walls reclad and painted at a cost of £5m. Significantly, no disruption was caused to business or any part of the centre closed during work. This is a vitally important factor in income-producing property and requires careful planning.

Edward Erdman, the agent which handled the refurbishing, ensured for instance that the central strips of malls were relaid during the day and the outside strips at night so access to shops would not be disrupted.

As shopping centres are enclosed, fire regulations come to the fore. Smoke is at the heart of the problem since an open-air development would allow rapid dispersal. The Queensmere scheme involved fitting a computer-controlled system of extractors which open in a special order to minimise fire and smoke spread.

Land ownership is a further complication. In some cases, the central "avenue" along a shopping mall was ceded by the developer to local authorities. Once an enclosure is considered, a lengthy procedure may need to be undertaken to wrest control of that space back from the authorities.

A £2.25m refurbishment and modification of the Times 2 centre in Sutton, Surrey, entailed the lowering of a 4,000 sq ft first-floor slab by 1 metre to give more headroom at first-floor level and increase retail space. A further 10 shops were created on the ground floor and a similar number above, plus a restaurant/food court for 100 people. The original centre, built in 1981, cost £8.5m.

The Doncaster Arndale refurbishment by Prudential Assurance which won this year's award for the best shopping centre refurbishment in Europe illustrates the lengths to which builders and institutions are prepared to go to avoid upheaval. A scaffold shield system was suspended by high tensile bolts from the roof and lined with sound deadening material.

The scheme included a smoke reservoir and glass atrium, panoramic lifts, a water feature and escalators.

Public perception of Arndale-type centres as cold, impersonal and unsociable have been difficult to overcome. The one in Doncaster was renamed The Frenchgate Centre to cut any association with the past.

The Prudential is also involved in a major refit of a centre at Uxbridge. Howard Taylor, of Prudential Portfolio Managers, says: "Timing is essential. Any major project (Uxbridge is worth more than £7m) must be undertaken just prior to rent reviews and lease renewals. It is important to let the shop owner see the material gain in his business.

Returns are worthwhile, but as retailing is changing so rapidly we don't know how long they will be good for. We hope they will be up to standard for at least 10 years and hopefully 20 years."

Paul Hannon

Why Kassbohrer has let in a stranger

Concluding a series on West German family companies, Peter Bruce explains the appointment of the bus maker's new chief executive.

NEXT WEEK, 93 years after Karl Kassbohrer established his wagon factory in Ulm, where the River Danube passes from Baden-Wurttemberg into Bavaria, a stranger will enter the Karl Kassbohrer Fahrzeugwerke chief executive's office. He will sit down behind the desk and end three generations of family management of a company that became one of Europe's best known bus and coach builders.

The Kassbohrers have been in Ulm for a long time; the name appears in 14th century records. Like most Swabians the family has a penchant for being both fanciful and calculating. Karl Kassbohrer's grandson, also a Karl and the present chief executive, has just demonstrated both characteristics by asking to be relieved of his post, just a few years after getting it, in favour of someone better qualified.

"It's growing more and more difficult to run a company this size as a purely family business," he says. "Someone running this organisation should have a financial background." "Young" Karl, already in his 50s, is an engineer by training and inclination. In the next few years Kassbohrer management will be making probably its toughest decisions since the Ulm factory was bombed to smithereens in December 1944, and he evidently was not so arrogant as to believe he could cope alone.

The man chosen to take over as chief executive is Heinz Ahrens, who currently performs the same function at Xaver Fendt, a tractor producer. For Ahrens it will be a case of treading on familiar ground since Fendt, based in southern Bavaria, is also a family-owned company.

Kassbohrer makes a range of buses called "Setra," a variety of commercial trailers, and claims to be the world's biggest producer of ski piste preparation vehicles. The company turned over more than DM 1bn (£303m) for the first time last year, about two-thirds of that in buses.

It is a famous name in the bus and coach industry. Karl Kassbohrer's uncle, Otto, developed the world's first load-carrying bus body in 1951, thereby freeing the industry from the tyranny of truck builders who supplied them (or sometimes not) with chassis. Setra, in fact, derives from the German word "selbsttragend," meaning self carrying.

Today Kassbohrer claims 25 per cent of the West German bus and coach market, Europe's biggest. That puts it still well behind Daimler Benz but it claims to have overtaken MAN. Buses are a fierce market. Low margins recently forced Magirus Deutz, the truck-making subsidiary of Iveco (Fiat) of Italy, to abandon bus production in West Germany.

Karl Kassbohrer: an engineer by training and inclination.

The trick, for a small company competing against the resources of a Daimler Benz (turnover 1985 DM 51.9bn), is to be different. Otto Kassbohrer probably knew that much when he produced the first Setra bus. But he was quickly copied. And where Kassbohrer now likes to think of itself as primarily a producer of luxury coaches, it has to face the uncomfortable fact that Daimler Benz, with only half its output in luxury buses, nevertheless produces more of them than the family from Ulm.

Sometime in the next three years, the Kassbohrers have decided, the company must develop and begin producing a bus that, if not as revolutionary as the Setra, must at least be one which will set the group well apart from its competitors. Not only that, but the Ulm site is now so cramped that a new plant will have to be built close to town.

The task is enormous for a company which made estimated profits of only around DM 8m on last year's record turnover, and, since the retirement of the group's long-serving finance director is imminent, probably explains why the family has had to look elsewhere for a managerial white knight.

Karl Kassbohrer owns the company along with his brother Heinrich, uncle Otto who remains, at 82, a force to be reckoned with, and four non-executive sisters. Otto, who is credited with making the company what it is today, took over the reins in 1922, aged 19, after his father died suddenly. At the time, Ulm was printing its own money to try to keep up with the inflation raging at the time. A year after he took over the US dollar was being quoted at around 4.2bn marks.

Otto persuaded his brother, another Karl, to give up his engineering studies and come home to the factory. The brothers divided the work—with Karl taking over the trailer business and Otto car and coach bodies. Although Karl developed the group's first Pisten Bully — which prepares ski pistes—in the late 1960s, just before he died, there seems little doubt that Otto ruled the company, and did so until 1982 when, as largest shareholder, he stepped aside and appointed his nephew chairman and chief executive.

Otto's rule was characterised by engineering, rather than financial, achievement and like many German engineering families, the Kassbohrers seem to have been able to make their way by producing quality products without necessarily being good managers.

But Karl was plunged immediately into a financial crisis as chairman. The company had decided a few years earlier to form a joint manufacturing venture with a former Kassbohrer licensee in Spain. It did not work, and the Kassbohrers say they lost a lot of money trying to keep the Spanish venture afloat until they finally pulled out last year.

If anything, Karl's experience through this period probably only deepened his longing to practice his engineering skills. From June 1 he moves to take command of the trailer division like his father before him. Heinrich, his brother, remains in charge of service and quality control.

Ahrens, the new chief executive, went to Fendt—which in many ways resembles Kassbohrer as it, too, sells its product as "luxury items"—as a stranger and knows a great deal about the delicate job of getting his own way without offending age-old family sentiments. In the process, he has rescued it from financial doldrums over the past four years.

Raising the necessary money and then shepherding the company through the development of a new plant and a new range of vehicles may take up a great deal of Ahrens' time in Ulm but he is certain to want to involve himself in production and marketing as well.

He did so at Fendt, selling off unprofitable operations to concentrate on core businesses and he also spent heavily on production automation, something Karl Kassbohrer agrees there is room for at Ulm and the company's 12 other production sites in West Germany, Austria, France and the US.

And he may have to be tough with his employer, Karl, who admits that the trailer business he is taking over is probably the weakest link in the Kassbohrer chain. The European trailer market is vastly overcrowded and while trailers contribute about 20 per cent to Kassbohrer sales the division is reckoned to be barely profitable, if at all.

Ahrens has also learned another lesson at Fendt that will stand him in good stead in Ulm. Like Fendt, Kassbohrer buys its engines from its main bus and coach industry rivals—Daimler Benz and MAN. Fendt's main engine supplier is KHD. Although the relationship between Kassbohrer and its engine-supplier is relatively smooth, it is not guaranteed. In 1983, as Kassbohrer, MAN and Daimler were preparing a new generation of standardised municipal buses for West German cities, MAN and Daimler threatened to cut off engine supplies, saying the market would be too small. Kassbohrer called the action a "severe disappointment," and had to retire from the "standard" programme and build its own municipal coaches, for which engines were supplied.

Karl Kassbohrer says that his decision to step down as chief executive in favour of an outsider does not necessarily mean that the family has given up the job for good. Ahrens' contract runs for five years. There are experienced people in West Germany who would advise a total withdrawal from management by the Kassbohrer family, arguing that as the family grows, it will become increasingly difficult to find management and positions for family members.

Karl Kassbohrer acknowledges that, but the shareholders are keeping their options open for the moment.

Previous articles in this series appeared on April 17, 18 and 30.

Employee status

The pressure for unification

BY DAVID THOMAS

MANY managers see the industrial relations sense of removing unnecessary distinctions between their manual and white collar employees. Yet most companies which have tried to tackle this issue have stopped short at aligning non-wage conditions, such as hours of work, holidays, pensions and sickness provision.

But some companies have recently taken the idea of a single status for manual and white collar workers to its logical conclusion by introducing a common pay and grading system for all workers, whether manual or staff. Under this arrangement, a typist and a line worker might receive the same pay in a grading structure which spans unskilled labourers at one end to managers at another.

Almost invariably under a common system, manual workers get a set salary, usually paid monthly, instead of the general practice of a weekly pay packet made up of several elements like basic pay and overtime. The level of pay becomes the only factor which differentiates grades.

Unified pay structures like these are still very much the exception in the UK, according to Industrial Relations Services, an independent pay research body. Nonetheless, IRS has managed to find 16 employers which now operate them and has related their experiences in a report just published.

Some of these companies are non-unionised which, as IRS comments, is hardly surprising because they are less affected by institutional divisions between bargaining groups.

Two chocolate manufacturers, Mars and Thorntons, run integrated pay structures, as do some of the recently established non-unionised electronics companies like Hewlett Packard, Digital and National Semiconductor. These three electronics companies are particularly unusual, says IRS, because salary progression at all levels is entirely dependent on merit as assessed by regular performance appraisal.

But common pay structures have been introduced into unionised environments. This, says the report, has tended to happen either on greenfield sites, as with Continental Can in Wrexham, North Wales, Sanyo in Lowestoft, East Anglia, and Inmos in Newport, South Wales, or as part of a radical overhaul of working practices, as with Cummins Engines in Darlington, County Durham, or Whitbread's Romsey distribution plant, in Hampshire.

IRS identifies a range of factors which have pushed companies towards common pay systems, including:

- the blurring of boundaries between manual and staff jobs by technical change.
- the need to rationalise fragmented bargaining structures by, for instance, setting up a common negotiating forum and moving to a common annual settlement date.
- the impact of the equal pay for equal value legislation, which points to the logic of a single pay and grading structure for all employees.

IRS feels that perhaps two pressures stand out as the most powerful reasons for moving towards an integrated system. The first is the growing need for manual pay structures to cater for skill acquisition, and for salary and career progression to become like traditional staff structures.

At Cummins Engines, for example, there are six steps between the minimum and maximum salary level in each pay band. Progression through the scale depends on acquiring certain set skills. Each step is worth an extra 6.6 per cent on the base salary for the pay band.

The second pressure is that for greater flexibility and mobility of labour. At the Ravenhead plant of Pilkington Insulation (part of the Pilkington Brothers glass group), an integrated payment system accompanied the replacement of numerous job titles by a small number of multi-function job classifications, such as "production operator," "mechanical craftsmen" and "office assistant."

IRS points to drawbacks of integrated pay systems. They can take a long time to set up and may involve the significant payments to persuade workers to accept them.

Moreover, IRS suggests, differentials might prove a difficulty in time, particularly for groups of workers, such as computer operators or craftsmen, whose value in the external labour market might be increasing. Grievances by such groups could blow apart integrated pay structures.

Nevertheless, the report seems to point to the likelihood that more companies will take the plunge, particularly when setting up greenfield sites or radically overhauling their working practices.

Industrial Relations Review and Report No. 367. IRS, 67 Maygrove Road, London NW6 2EJ.

Business courses

Data protection—the realities of enforcement, London. June 25. Fee: CSR and other Tolley subscribers £126.50; non-subscribers £184.00. Details from conference organiser, Tolley Publishing Company, Tolley House, 17 Scarbrook Road, Croydon CRO 1SQ.

Media—the minefield between you and your consumers? London. June 19. Fee: Members £6; non-members £12. Details from the Functions Secretary, The Marketing Society, Stanton House, 206 Worple Road, London SW20 8PN.

Strategy formulation and implementation workshop, London. June 24; September 30; December 2. Fee: £175. Details from Kepner-Tregoe Limited, Mellor House, Charles Street, Windsor, Berkshire SL4 5DS. Tel: 0753 856716. Telex: 847104.

Understanding Japan: the cultural and behavioural aspects of working with Japanese business, Berkhampsted. June 22-June 27. Fee: £1,200 + VAT. Details from Ashridge Management College, Berkhampsted, Hertfordshire HP4 1NS. Tel: 044284 3491 or 2311. Telex: 826434 ASHCOL G.

World electronics—strategies for tomorrow's markets, London. June 9-10. Fee: £552. Details from The Financial Times Conference Organisation, The World Electronics Conference, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Software choice, Bradford. June 23-24. Fee: £510. Details from University of Bradford Management Centre, Post Experience Programme, Heaton Mount, Keighley Road, Bradford, West Yorkshire. Tel: 0274 42299.

Philip Bassett reports on the offer intended to end the bitter struggle over the Wapping printing plant

Murdoch dispute reaches its final instalment

AFTER 17 weeks, it looks like the end. At least, it is the endgame. But then, since Mr Rupert Murdoch's News International mounted its audacious coup against the print unions by moving its newspaper titles to Wapping, maybe it has been throughout. The unions might have been trying to fight a battle which it was not possible to win.

Not so, say the unions' activists. For them the fight is still on; victory still achievable. But the dwindling support outside the gates of Wapping – especially since the height of the violence a few weekends ago – suggests that, for many, the game is up.

The decision of the Sogat '82 executive yesterday to go for an immediate ballot on the company's offer will test opinion more closely than the mass meetings planned for tonight by members of the NGA craft print union and, on Friday, by London members of the general union Sogat.

Ms Brenda Dean, Sogat general secretary, spoke yesterday of members sitting in the quiet of their homes to decide. For many activists in the unions, and the political groups who have attached themselves to the dispute, that unwanted vision has been there throughout.

But for Ms Dean, a ballot is the only way. For her, it is the best means by which members' real feelings are tested, and it is the only way in which the Sogat leadership can circumvent the power held by the London branches, which will mobilise themselves this week for a vote against the offer.

A ballot was uppermost in the minds of those who gathered at the Sheraton Skyline hotel, at London's Heathrow airport, from about 4pm onwards on Sunday afternoon.

Fresh and final talks had looked likely since the middle of last week, when the realisation started to grip the unions that Mr Murdoch really meant the deadline of May 30 set in his timetable on his then offer of his old Gray's Inn Road printing plant, plus £15m in compensation payments.

Prospects of a settlement to Mr Rupert Murdoch's News International's dispute with the print unions over the transfer of the group's four national newspaper titles to Wapping, east London, drew closer yesterday.

The executive of the print union Sogat '82 voted by 15 to nine to put the company's final offer to a secret ballot of its 4,500 sacked members without a recommendation. The members were dismissed, with about 1,000 members of the National Graphical Association, for going on official strike over the move to Wapping. The plant publishes The Times, Sunday Times, the Sun and the News of the World.

Senior officials and executive members of Sogat expect that there will be a majority vote in favour of acceptance of the company's offer, which includes improved redundancy terms raised from a total of £15m to £50m. The union is sending a detailed report of the lengthy weekend negotiations with the company to the homes of all its sacked members.

Ballot papers will go out this week and the result will be known by Friday June 6 – the company's deadline for acceptance. London Sogat activists will hold a mass meeting on Friday

Sacked members of the NGA will meet tonight to consider the offer, which includes the use by the unions of the company's old printing plant in Gray's Inn Road, central London. The NGA executive will meet on Thursday.

Norman Willis, Rupert Murdoch and Brenda Dean: secret weekend negotiations

At a meeting last Thursday at the headquarters of the Trades Union Congress (TUC), the unions agreed to take up the points outstanding from the last round of discussions with the company and to meet again. Contact was made with Mr Bruce Matthews, NI's managing director, who in addition to the formal talks with the unions has been in touch by telephone with many of their leaders on a daily basis.

The time was fixed and the place – out of town, handy for the airport for Mr Murdoch and unlikely to be discovered.

Talks started in the late afternoon. Their substance, though, was not the company's last offer but the unions' last counter-proposals.

Some print union leaders had been concerned that once the talks were on, they might slide rapidly from the extreme of staying out until union recognition at Wapping was granted to an increase in the money element of the offer, with no mid-point.

For five to six hours, the union side, led by Ms Dean and Mr Ken Graham, the TUC's assistant general secretary, pushed the employers, led by Mr Matthews, on the unions' proposals. In particular, they pressed the idea that recognition at Wapping should be vested not in any of the unions themselves, but in a joint union committee, backed by TUC-enforced arbitration and other significant changes.

As the hours wore on, it became clearer and clearer that the company would not budge on recognition but that more money might be available.

Monday at 1am brought an adjournment and Monday at 9.30am brought Mr Murdoch and Mr Norman Willis, TUC general secretary. Much of the pushing was done by Mr Willis and Mr Graham, sometimes together, sometimes alone.

With Mr Murdoch there to make immediate financial decisions, Mr Willis in particular pushed hard on the money. The first real breakthrough for the unions was getting the £15m pool increased sharply to redundancy pay of three weeks' wages for each year of service.

Some were clearly surprised when the company agreed to increase the offer further to its final point of four weeks' pay, subject to a minimum total of £2,000 and a maximum ceiling of a £155 a week base for calculation.

The other tack was on union recognition at Wapping. Mr Murdoch first acknowledged and accepted the idea of a review, and was then pinned down on the timing of it after a year. The unions think it is genuine although their activists do not. If things go quietly in this cooling-off period, if there is no trouble, then the union leaders believe there is a real chance that Mr Murdoch might accept union recognition.

It is clearly a gamble, but at this stage of the dispute, it is an option worth having for the unions, even if they do not win when the dice are thrown in 12 months' time.

Much of the work in the seven hours of Monday's talks was in getting things as clear as possible, with the clear knowledge that the offer would go out to ballot, and on that ballot result would depend the outcome of the dispute.

Hence the five points: the £50m redundancy money; not excluding any dismissed worker from the chance of future employment with the company; the recognition review; the dropping of all legal action; and the transfer to the unions of the whole of the Gray's Inn Road site – worth £5m, according to Unity Trust, the unions' financial institution, as a non-going concern, but rather better than its estimate of £1m for the original portion of the building which formed the company's first offer.

For the unions, Mr Willis and Ms Dean indicated that it was the best they could get. For NI, it was more than it needed to do, according to its own lights. Mr Murdoch said that the fresh offer had been "extracted" from him and that the company did not need to make any offer at all.

True enough, in a sense. But despite NI's radical industrial relations breakthrough, traditional pressures came crowding in to reach a settlement and normalise relations.

In any case, the company has still scored a remarkable achievement. It has slashed costs, brought in new technology, recruited a new workforce and it has no unions – for a year at least, maybe longer.

The process of finishing the dispute will be bitter. Sogat's biennial conference, to be held in less than a fortnight's time just after the ballot result is announced, might well be a bloodbath. But barring some unforeseen development – and the dispute has seen them – over it is.

For the print unions, and for national newspapers, what matters now is how far the Wapping waves will wash.

Tokyo now second to London as costliest office location

BY WILLIAM COCH RANE

THE CITY of London has held its position as the world's most expensive office location – but only just, Richard Ellis, the London-based property agents, said yesterday.

Tokyo has moved up in line with the City as the most expensive location, with total occupation costs up from £50 a square foot in November 1985 to £60.41 a sq ft today, the firm said in its half-yearly survey of world rental levels.

The Japanese capital's move represented an increase of more than 20 per cent, and was made up of a 5 per cent increase in rents and a strengthening of the yen against the pound.

Ellis said that the shortage of prime office accommodation in Tokyo's central business district had resulted in firms leasing top quality space in secondary locations, where rents had increased dramatically.

In terms of total occupation costs, mid-town New York ranks third, although the differential between the City of London and New York has widened. Ellis calculate that £60.65 a sq ft for the City and £45.72 for New York mid-town – both of these for the prime office locations in the respective cities.

There had been no growth in the other leading US centres, Ellis said. The US office market has been going through a period of oversupply, and in dollar terms locations such as Chicago, Los Angeles and San Francisco are all quoted lower than they were six months ago.

The survey reports that rents in most European centres have shown growth over the past six months, the most substantial increases occurring in Madrid, Brussels and Barcelona – three cities which have previously seen little growth in "real" rental values.

Hong Kong rents are flying again after the sharp drop in rental levels during the 1982-84 period. Prime rents in the colony now stand at £27.06 a sq ft, representing an increase of 40 per cent over a 12-month period.

Co-ops in move to lift image

By David Churchill, Consumer Affairs Correspondent

A NATIONAL advertising campaign to raise the image of the co-operative retail movement throughout the UK is being planned by a new trading group of leading co-op retailers.

The advertising will be the first promotional campaign for some years to try to promote the retail co-ops in a general way rather than the fragmented advertising campaigns carried out independently at present by retail co-op societies.

The need for such a campaign will be among the early priorities for the new co-opearive trade committee set up in the wake of this year's co-operative congress which finished yesterday in Llandudno.

The committee will comprise the chief executives of the nine largest retail co-ops in the UK, who together control about 60 per cent of the £4.85bn turnover achiefed throughout the retail co-op movement.

Chairing the committee will be Mr Dennis Landau, chief executive of the Co-operative Wholesale Society (WS). The new trading group will hope to achieve through an informal structure a more unified trading approach for the bulk of the co-op retail movement.

Delegates to the Llandudno congress voted on Monday to continue with long-established plans for creating some 25 large regional co-op societies to provide a more effective retail challenge.

The need for a new approach to the trading problems of the co-op retail movement was revealed yesterday in the latest trading figures for the Co-op in 1985.

Analysis of the figures show that while the co-op retailers were able to hold their volume of trade relatively steady last year during booming retail sales, their performance was still below that of other retail groups. The co-op's total market share of all retail sales fell from 5.1 per cent in 1984 to 4.9 per cent last year.

Minister backs Scottish steel plant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR MALCOLM Rifkind, Secretary of State for Scotland, yesterday made a strong gesture of support for the Ravenscraig steel complex at Motherwell.

He told journalists that he would continue to fight for the long-term future of the integrated strip steel works, but he would not commit his support past the 1988 reprieve given by the Government to the Scottish mill after British Steel sought its closure two years ago.

"I want to see a healthy, long-term future for a viable steel industry in Scotland and I think Ravenscraig can perform a very important part in that future," he said.

Mr Rifkind appeared anxious to put down his marker backing Ravenscraig five months after succeeding Mr George Younger as the Government's Minister for Scotland.

He confirmed that the final decision about the long-term future of the plant rested with the Government.

"I certainly would assume that any proposals which might involve the continuation or discontinuation of the integrated plants would certainly be the sort of decision which government would be expected to endorse or to decline to endorse," he told journalists in answer to questions.

Mr Rifkind spoke with representatives at Ravenscraig and the nearby Dalzell plate works yesterday. He then pressed a button to roll the millionth tonne of plate for the UK offshore oil and gas industry at the Dalzell works.

British Steel has built up a healthy order book for its plate division from the offshore oil industry.

Industry faces shortage of process engineers

BY CHRISTOPHER PARKES

BRITISH chemical and process engineering companies are finding it increasingly difficult to find trained workers, and want government support for the training of professional engineers, according to a survey by Process Engineering magazine and exhibition organiser, Cahners.

More than two thirds of the sample of 140 senior managers said that instrument engineers were particularly hard to find, and about half had difficulties recruiting computer, digital systems and chartered process engineers.

Although 40 per cent said they had increased spending on training over the past three years, the survey report said there was no observable trend towards stepping up in-house training of these specialists to make up for the problems of recruiting from outside.

Half of those asked said they believed that Government support for the industry should be concentrated on the training and re-training of professional engineers and on research and development.

However, the industry is increasing its capital expenditure on plant and equipment. Almost 50 per cent of those questioned forecast heavier spending over the next three years.

About two thirds singled out automation, control and monitoring systems as major investment areas, with installation of new plant, energy management, plant safety, pollution control and computer-aided design as likely investment targets.

The importance of energy management emerged clearly from the survey, which showed that a quarter of the sample said they had taken specific steps to improve energy efficiency as a direct result of the Government's Monergy '86 campaign.

BASE LENDING RATES

	%		%
ABN Bank	10	Financial & Gen. Sec	10
Allied Dunbar & Co	10	First Nat. Fin. Corp.	11½
Allied Irish Bank	10	First Nat. Sec. Ltd	11½
American Express Bk	10	● Robert Fleming & Co	10
Amro Bank	10	Robert Fraser & Ptrs	11
Henry Ansbacher	10½	Grindlays Bank	‡10
Associates Cap Corp	11	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10½	Heritable & Gen. Trust	10
Bank Leumi (UK)	10½	● Hill Samuel	§10
Bank Credit & Comm	10	C. Hoare & Co	10
Bank of Cyprus	10½	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10½	Lloyds Bank	10
Bank of Scotland	10	Edward Manson & Co	11½
Banque Belge Ltd	10	Mase Westpac Ltd	10½
Barclays Bank	10	Meghraj & Sons Ltd	10
Beneficial Trust Ltd	11½	Midland Bank	10
Brit. Bk. of Mid. East	10	● Morgan Grenfell	10
● Brown Shipley	10½	Mount Credit Corp. Ltd	10
CL Bank Nederland	10	National Bk. of Kuwait	10
Canada Permanent	10	National Girobank	10½
Cayzer Ltd	10½	National Westminster	10
Cedar Holdings	12	Northern Bank Ltd	10
● Charterhouse Japhet	10	Norwich Gen. Trust	10
Citibank NA	10	PK Finans. Intl (UK)	11½
Citibank Savings	¶10.75	Provincial Trust Ltd	11½
City Merchants Bank	10	R. Raphael & Sons	10
Clydesdale Bank	10	Roxburghe Guarantee	11
C. E. Coates & Co. Ltd	12	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10½	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11½	Whiteaway Laidlaw	10½
Exeter Trust Ltd	10½	Yorkshire Bank	10

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

UK NEWS

Rebuilding plan for City fruit market

By William Cochrane

LONDON & Edinburgh Trust (LET) which signalled the present City of London property boom with its successful redevelopment of Billingsgate fish market, is now well advanced with plans to redevelop the Spitalfields fruit and vegetable market on the eastern fringes of the City.

Mr Peter Beckwith, LET director, said yesterday that the company had been working for nearly three years on the project with its development partner Balfour Beatty, the international contracting subsidiary of BICC.

There was, and still is plenty of potential competition for the 14-acre Spitalfields site, he said. But the consortium, named for this purpose as the Spitalfields Development Group, reckons it now has the key to the situation.

It has found and purchased an alternative, 30-acre market site at Temple Mills, derelict and part of a former British Rail workshop complex at Hackney Marshes, three miles north-east of the existing Spitalfields location.

Mr Beckwith said that the market traders had approved the alternative site and that the London borough of Tower Hamlets, though disappointed that Spitalfields would not be relocated within its boundaries, might be prepared to accept the situation.

Tower Hamlets, he said, would see an increase in property taxes from the site from £250,000 to "a minimum" of £12m.

The proposal is for a major commercial development with office, retailing and residential uses. LET expects to get planning permission in October and proceed to completion in 1990.

Mr Beckwith said that the consortium had been approached by four or five big banks, "both British and American", seeking to cover occupational requirements expanded by this October's Big Bang in the City of London.

The developers will also have to satisfy the City of London Corporation, owners of the present Spitalfields and in whom ownership of the new, £20m market would be vested.

Ford considers switching to use of road transport

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A MAJOR SWITCH from rail to road transport is being seriously considered by Ford of Europe for its factories in West Germany, the UK, Spain, Belgium and France.

A scheme to be put up for approval in July suggests that the start-up cost of the project would be $15m. But most of that could be recouped in the first year.

According to Ford's arithmetic, there would be a one-off saving of $9.5m in inventory costs because the average journey would be cut from four days by rail to 2¾ days by road.

There would also be annual savings in haulage costs totalling between $4m and $5m.

The latest edition of Truck magazine, quoting Ford officials, says that if the project is given approval it could be put into operation in the first quarter of next year.

The move would be another blow for British Rail in particular. BR learned recently that it will lose the Post Office parcels contract to road transport. This follows the decision by News International to distribute its four newspaper titles – The Times, Sunday Times, News of the World and the Sun – by road rather than by rail.

Ford pointed out last night that the project would involve switching only the containerised transport of materials and components between its major factories: Cologne and Saarlouis in West Germany; Genk in Belgium; Valencia in Spain; Bordeaux in France; Bridgend in South Wales and Dagenham and Halewood in England.

This business – which goes to BR's Freightliner operation – represents roughly a third of the total, Ford estimated.

British Rail would continue to move freight between the UK factories and would retain the transport of built-up cars for Ford of Britain.

Ford would need 400 trailers of high specification to set the scheme in motion and has been talking to truck body builders throughout Europe.

The scheme was initiated by Ford of Britain after the UK Government's decision to allow the maximum permitted gross weight of trucks on the road to be lifted to 38 tonnes and an expected change in the regulations which will enable longer trailers to be used for international traffic.

Autumn elections to Ulster's Assembly may be cancelled

BY KEVIN BROWN

THE FUTURE of the Northern Ireland Assembly was in doubt yesterday as speculation mounted that the Government was preparing to present a parliamentary order to cancel elections due in October.

Mr Tom King, the Northern Ireland Secretary, was reviewing the options for the Assembly in the light of the refusal of both nationalist parties to take part and the suspension of normal business by the Unionist rump.

The decision facing Mr King was whether the possibility of progress in Northern Ireland through eventual devolution to the Assembly was worth the prospect of serious sectarian trouble if the elections took place against the highly charged background of the Anglo-Irish agreement.

The agreement, signed last November, gives the Irish Republic a limited role in Northern Irish affairs.

Officials in both London and Belfast insisted yesterday that no final decisions had been taken. But the indications were that Mr King would decide that the elections could not be justified.

This would mean that an order would have to be tabled soon after the House of Commons returns from the spring recess next week in order to gain parliamentary approval before the beginning of the Unionist marching season in July.

It was unclear, however, whether Mr King was considering the abolition of the Assembly or simply suspending it in order to delay the elections until a more propitious moment.

Officials said the Government's main concern was that the elections should be about the prospect of devolution rather than a referendum on the Anglo-Irish agreement.

It was also suggested that the outright abolition of the Assembly would involve both an admission that another initiative had failed and the removal of a forum for the ventilation of Unionist opinion.

The Assembly was set up four years ago by Mr James Prior, the former Northern Ireland Secretary, as a vehicle for a rolling programme of devolution.

The Assembly has the power to scrutinise Government business in the province and to question ministers and civil servants.

High initial hopes that the experience of working together would lead to increased co-operation between the two communities in the province were dashed after the 1982 elections, when 14 assembly members of the Social Democratic and Labour Party and five Sinn Fein members refused to take their seats.

The remaining Unionists, dominated by the 26 members of the Official Unionist Party, and the 21 members of the Rev Ian Paisley's Democratic Unionist Party, subsequently suspended the normal business of the Assembly to concentrate on opposing the Anglo-Irish agreement.

● Mr Paisley and Mr James Molyneaux, leader of the Official Unionist Party, said last night that they were turning down an invitation from Mr King to attend a meeting next week to discuss the future of the Assembly.

Their refusal is part of the Unionist policy of boycotting government ministers in protest against the Anglo-Irish agreement.

Recording industry waits for a hit

By Jason Crisp

A LACK of good musical hits has meant the UK record industry has seen a sharp fall in demand for singles in the first three months of this year, according to figures published yesterday by the British Phonographic Industry (BPI).

The fall follows poor sales in 1985 which was the worst year for singles sales since 1977.

The number of singles shipped to retailers between January and March in 1986 was about 17 per cent down on the same period last year. The problem is mainly a lack of good records at the top of the charts, where sales are down by nearly 25 per cent.

"Records have been very mediocre for the last three months," says Mr Ian Duffel, head of HMV the record retail subsidiary of Thorn EMI. "We've had nothing exciting ... there have been no mega singles like Wham! or Band Aid."

Sales of long-playing records (LPs) have also fallen by 8 per cent in the first quarter. This has been offset by the continuing steady growth in demand for pre-recorded cassettes and the boom in the still small market for compact discs.

Although overall demand for singles has been falling since last summer there is a growing move towards the more expensive 12in singles. According to the BPI, 29 per cent of singles are 12in – which cost almost twice as much as the conventional size.

Overall the value of record industry sales rose 3.4 per cent in the first quarter. The industry is now selling more cassettes (10.6m) than LPs (9.1m). On current trends it will not be long before the value of cassette sales (£22.8m in the first three months) exceeds that of LPs (£23.8m).

Sales of compact discs doubled in the period to 1.1m worth £7.7m, a rise of 131 per cent. The fall in prices of compact disc players and rapid demand has meant compact disc prices have been going up while there are still shortages.

UK NEWS

Profit-sharing alternative studied by ministers

BY PHILIP BASSETT, LABOUR EDITOR

GOVERNMENT ministers are considering another form of profit-sharing as an alternative to the method suggested by Mr Nigel Lawson, the Chancellor of the Exchequer, because of fears about its likely low take-up among employees.

After his notification in this year's budget of the possibility of giving temporary tax relief to employees agreeing to enter into profit-sharing arrangements, Mr Lawson put more detailed, although still sketchy, proposals for such a scheme to the National Economic Development Council (NEDC) last month.

Under the Chancellor's proposals, employers and employees would agree on what proportion of pay would be linked to profits, and then half of this might be given relief from income tax.

Two levels suggested in the Treasury's NEDC paper were 20 per cent of pay, or 10 per cent – which Treasury officials estimated would mean a weekly tax incentive of about £5 for someone on average earnings.

Preliminary ministerial discussions on profit-sharing now taking place are including estimates on the likely take-up among employees of such a scheme, which its opponents have said would be unpopular because it would place too high a proportion of employees' earnings at risk if profits were poor.

But some ministers are now seriously doubting whether the Government will ever be able to implement a profit-sharing scheme which would cut guaranteed pay by such large proportions.

Accordingly, some ministers are proposing an alternative profit-sharing formula as an option to be considered alongside the Chancellor's suggestion in advance of the planned Government consultative document on the issue currently set for publication in July.

Their suggestion is to blend the idea of profit-sharing with pay increases, particularly if – as they hope – such rises are lower than present settlement levels.

Rise in share option schemes

BY MANI DEB

SHARE option schemes are growing at a spectacular rate at the executive level, in contrast to the limited growth of all-employee profit-sharing schemes, says a report on the latest trend in pay and incentives.

Since 1984, 1,397 executive schemes had been submitted for Inland Revenue approval, with 492 being approved, by June of last year. By December, the numbers had risen to 1,831 and 1,210 respectively.

In contrast, legislation introduced in 1978 to encourage all-employee share schemes produced only 510 approvals by the Inland Revenue in the seven years to the end of 1985. When separate rules were introduced in 1980, another 499 schemes were approved, although some of these were in companies that already had schemes under the old law.

The report, in the latest issue of Works Management magazine, poses the questions: Do incentive schemes really work, and do they influence company performance?

The Industrial Participation Association is analysing the results of 400 companies over an eight-year period and a report should be ready by the end of the year. But a pilot study seems to indicate that "companies with profit-sharing perform significantly better than those without."

A survey by Inbucon Management Consultants suggests that incentives are effective at senior levels. Some 95 per cent of companies with such schemes for executives found improved motivation and better cost and profit consciousness.

As most schemes are based on company performance – something that an executive can influence directly – improved motivation is not surprising, says the report.

"Lower down the ladder, the link between shopfloor and company performance is not clear. So at this level there is much more ambiguity about the incentive effect of schemes based on company profits."

A survey by Inbucon shows that cash is still the most popular incentive, even at management level.

Lord Chancellor urges closer ties between barristers and solicitors

BY HAZEL DUFFY

LORD HAILSHAM, the Lord Chancellor, yesterday called for more co-operation between barristers and solicitors as the means to head off calls from some sections for the two branches of the legal profession to be merged.

Addressing the first conference of the Bar, Lord Hailsham said: "Mutual hostility between Bar and solicitors, between either and the judicial bench, or between any of these three and the holder of the Lord Chancellor's office is a sure prescription for disaster, a certain recipe for mutual destruction."

In a strong defence of the Bar as a separate institution, he said: "Specialisation of function is absolutely essential in modern law, and in legal terms corresponds to the division of labour in classical economics. This has nothing to do with restrictive practices or the suppression of competition."

Lord Hailsham was making his comments a few days before the Young Solicitors' group of the Law Society is due to discuss its views on increased rights of audience for solicitors in the higher courts, and proposals to merge the two branches of the profession through a system of common training from which a small number of lawyers go on to specialise in advocacy.

The Lord Chancellor also dismissed two other points concerning his department which have been discussed publicly – re-emergence of talk of a Ministry of Justice, which he described as "constitutionally very dangerous"; and proposals for judges to be appointed by a judicial appointments board

On the latter, he said: "There must be parliamentary accountability for the appointment of judicial officers who are in practice virtually immovable."

Managers wary over new-style bargaining

By Our Labour Editor

ENGINEERING managers are strongly sceptical about some of the new developments in industrial relations, such as strike-free deals, and prefer instead traditional methods, allied to more confident management practices in which managers now take initiatives in such areas as collective bargaining.

These are some of the broad conclusions of an important new study on industrial relations in engineering carried out for the Engineering Employers' Federation (EEF).

The study is one of the few surveys of how industrial relations has been operating in the recession, and many of its conclusions are likely to confound those ministers who believe that with the fall in the number of strikes in the UK to the lowest level for 50 years, industrial relations problems have all but vanished.

Among the key conclusions of the survey are:

- Sixty-eight per cent of companies surveyed had experienced some form of industrial action over the study's three-year period
- No companies had sought any legal remedy against any action under the Government's employment legislation
- Strike-free deals were extremely rare – only one company out of the 53 surveyed featured one – and where managements had a view on them, most were opposed to them or had serious reservations about them
- Ninety per cent of companies reported that relationships with convenors or shop stewards – who, in the main, they preferred to negotiate with rather than outside union officials – were fairly or very constructive
- Almost three-quarters of managements had taken the industrial relations initiative on pay offers, on bonus changes and especially on job flexibility and the elimination of demarcation lines.
- Union membership in engineering remains high: 82 per cent for manual workers and 48.5 per cent for staff
- Despite Government legislation, the closed shop is still widespread.

Union Recognition and Representation in Engineering. EEF, Broadway House, Tothill Street, London SW1H 9NQ. £10 to members, £20 to non-members.

Contracts & Tenders

NOTICE INVITING TENDERS
FOR
MEASURING HEAD FOR GUN BARRELS

Sealed Tenders are invited from reputed firms for the supply of Measuring Head for Gun Barrels of various calibres along with accessories. Specifications and Tender Forms can be obtained on written request from the following, citing Ref. No. SW/IO/8660005.

High Commission of India
Director (EDP)
Supply Wing
Aldwych, London WC2 4NA

Completed Tender Forms are required to reach us by 3 p.m. on 28th July, 1986.

NOTICE INVITING TENDERS
FOR
ELECTRIC DISCHARGE SAWING MACHINE

Sealed Tenders are invited from reputed firms for the supply of Electric Discharge Sawing Machine with accessories and spares. Specifications and Tender Forms can be obtained on written request from the following, citing Ref. No. SW/IR/8640010.

High Commission of India
Director (EDP)
Supply Wing
Aldwych, London WC2 4NA

Completed Tender Forms are required to reach us by 3 p.m. on 28th July, 1986.

ALGERIE - الجزائر

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTRY FOR ENERGY & CHEMICAL & PETROCHEMICAL INDUSTRIES
NATIONAL OIL EXPLOITATION COMPANY
NOTICE OF INVITATION TO TENDER
NUMBER 9230.AY/MEC

The National Oil Exploitation Company is launching a national and international open invitation to tender for the supply of:

DIESEL MOTOR PUMPS ON SKID

Companies *interested in bidding may obtain the* Specifications on payment of 400.00 Algerian dinars from the following address:

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16 ROUTE DE MEFTAH, OUED SMAR
EL HARRACH, ALGIERS, ALGERIA
DIRECTION DES APPROVISIONNEMENTS

with effect from the date on which this notice is published.
Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail, to the Secrétariat de la Direction Approvisionnements at the above address.

The outer envelope should not bear any mark that might identify the tenderer, and should read: "APPEL A LA CONCURRENCE INTERNATIONAL NUMERO 9230.AY/MEC." (CONFIDENTIAL — A NE PAS OUVRIR).
The final date for receipt of tenders is fixed at 45 days from the first publication of this notice.

Selection will be made within 180 days of the closing date of this invitation to Tender.

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ALGERIE - الجزائر

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTRY FOR ENERGY & CHEMICAL & PETROCHEMICAL INDUSTRIES
NATIONAL OIL EXPLOITATION COMPANY
NOTICE OF INVITATION TO TENDER
NUMBER 1185/6J/MEC

The National Oil Exploitation Company is launching a national and international open invitation to tender for the supply of the following equipment:

SPARE PARTS FOR GBH 280 TRUCK

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16 ROUTE DE MEFTAH, OUED SMAR
EL HARRACH, ALGIERS, ALGERIA
DIRECTION APPROVISIONNEMENTS

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Appointments

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International investment group requires an individual to manage its new city-based equity syndicate marketing unit. Applicants should have at least 10 years' relevant financial experience of UK/European equities, US, Japanese and other foreign offerings, regulatory requirements and business practices of new issues with ability to lead an equity syndicate marketing team. Salary negotiable. Applicants, aged mid-30s, NYSE and NASD registered, should write, enclosing curriculum vitae, to:

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Bond Department,
33 King William Street,
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27th May, 1986.

UK NEWS

Reuter goes for colour with new terminal for the dealing room

BY ALAN CANE

REUTER yesterday raised its colours, opened its Windows and let loose a horde of mice on unsuspecting money markets dealers worldwide.

The UK-based international news and financial information supplier launched a new kind of dealing room terminal for the foreign exchange and money markets featuring some of the most advanced display technologies currently available.

They include colours on the screen – the first time Reuter has made such a facility generally available – "Windows," a technique which makes it possible to display more than one page of information on the screen at one time, and the "mouse," a palm-sized box which controls a screen pointer when rolled around the top of the dealer's desk.

The new terminal, which comprises an NCR personal computer, a high-definition colour video screen and the Reuter programmable keyboard, so far accepts only information provided by Reuter in computer language (digital feed).

It allows the simultaneous display of prices, graphs and news on a single screen.

There are other, sophisticated facilities such as a limit minding facility which dealers can set to alert them when any predetermined market price is reached. Dealers can also construct their own screens of information drawn from different pages in the Reuter Monitor system and arrange the individual items in any way to suit themselves.

Up to five different graphs can be displayed at the same time so that instant real-time comparisons can be made between any of the currencies covered on the Monitor system. Other services are expected to be made available shortly; in principle, information from other suppliers could be combined in the one terminal.

Reuter was one of the first companies to exploit successfully financial information supplied on-line. There are 78,000 of its current terminals in use worldwide.

Monthly rental for the new Advanced Reuter Terminal, or Art, will be £970, about four times the cost of a conventional Monitor terminal. "But the Art has the power of 10 conventional terminals," Mr Robert Etherington, Reuter money markets manager, said.

He believes that the company could install 1,000 Arts in its first year of availability. Systems are already on test in the UK and mainland Europe.

Electricians and Sharp prepare no-strike deal

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the EETPU electricians' union expect to reach shortly another of the union's controversial strike-free deals – again with a UK-based Japanese electronics company.

The union has concluded an outline agreement with Sharp UK for its television and microwave oven plant at Gresford, near Wrexham, North Wales.

Sharp has given the EETPU a letter recognising the union in principle. The two sides will now proceed to working out in detail the rest of the arrangement.

The eventual deal is likely to feature the elements of the strike-free package that the union has agreed at other electronics companies – the pendulum arbitration strike-substitute method of resolving disputes, a "no-strike" clause, job flexibility, single status and a joint consultative committee.

Mr Tony Liddle, personnel manager at the plant, which employs about 440 people but expects to expand to about 800 by the end of the year, said that the company had been attracted by the EETPU's strike-free package.

Mr Roy Sanderson, EETPU national engineering officer, said he was delighted at the Sharp understanding. He said: "There is no doubt that our agreement stems from the modern and progressive approach that our union adopts to industrial relations. It is further confirmation that the EETPU is the union for the high-technology industry."

Television/Christopher Dunkley

It couldn't happen off the set

Theories about television abound, most of them derogatory. We are told it is responsible for the violence in society, it reduces the attention-span of children, it replaces political debate with the images of politicians. As in most things there are fashions in such theories, and No 1 in the current Top 10 is the belief that, with the audience (so it is said) besotted with television, television is now becoming besotted with itself. The idea is that people spend so long in front of the box that they have no time to develop interests in anything else; television programmes are the only things they know about, so television is obliged to devote itself increasingly to featuring its own activities.

The pictures we are offered is like the infinitely reflecting series of images which appears when you point one mirror at another: the audience sits slumped in front of the box staring at an endless succession of programmes which are concerned more and more with television. Instead of doing anything themselves people become inert, gazing at the screen while the tiny minority who actually appear on it do things for them.

So far as time spent viewing is concerned, the usual seasonal reduction is under way now that the evenings are lighter and the weather warmer. Whereas average weekly viewing per head was 34¼ hours in the first week of January it had fallen to 23½ hours last week, according to the BARB figures. Yet there is no denying that the long term trend continues upwards.

So far as television's fascination with itself is concerned, the current favourite example is the new comedy series, and here too there is clearly some truth in the theory, though the trend is hardly new. Its origins lie somewhere back beyond *Monty Python's Flying Circus.* In the last three or four years it has been the so-called "alternative" comedians (the ones who like to use the words Max Miller left out) in series such as *Not the Nine O'Clock News* and *The Comic Strip* who have specialised in parodying television's own formats and foibles.

The most recent programme to adopt the habit is *Naked Video*, a BBC2 series produced, like *A Kick Up The Eighties*, by BBC Scotland. Last week's edition included jokes about the Andrex commercial, the ITV detective series *Taggart*, Desmond Wilcox's documentary series *The Marriage* (*Naked Video* did "The Funeral" and interviewed the corpse), the ITV series *Dempsey and Makepeace* and other television items. One of the funniest moments, largely because it seemed unintentional even though it looked like another telly-joke, came when Helen Lederer and Tony Roper read a series of gags off cue cards which, it seemed from their eye-lines, had been dropped down a hole in the studio floor.

Last week's episode of *The Comic Strip Presents* on Channel 4 devoted at least 20 of its 30 minutes to a television parody and, as there were pitifully few lines in the script which were funny in themselves, success depended almost entirely upon the audience having seen the original. Since this was a BBC2 series called *Living in the Past* which was screened at the beginning of 1978 it is difficult to believe that the process of infinite reflection could have been very powerfully sustained. I, for one, switched off.

That programme was a repeat, as was *The Kenny Everett Television Show* an hour earlier on BBC 1. Everett is another inveterate user of other programmes as butts for his own jokes, but his are nearly always comprehensible even for somebody who has not watched the original. Or course regular viewers of *Dallas* and *Dynasty* will get more out of Everett's weekly *Dallasty* sketch than those who have never seen the American programmes, but is that really a firm enough foundation upon which to build a sociological edifice concerned with the supposed increase of passivity in society?

When Tommy protested during Saturday's *Cannon and Ball* that Bobby had mixed up all the clothes in the washing machine and turned everything blue, Bobby remarked that they could dress up as The Smurfs. When Tommy asked what was Rudyard Kipling's most famous creation Bobby replied "Easy: he made exceedingly good cakes." Pretty feeble stuff, but does it amount to a dangerous obsession with television? Certainly it indicates an awareness of what the audience will know, but did music hall artists not parody one another's songs and catchphrases? Did Shakespeare not take a rise out of Marlowe, and did the appreciation of this among the Globe regulars indicate an increasingly inward-looking and obsessed society?

Those who claim that the difference is one of degree and that television comedy seems to deal nowadays exclusively in television jokes are exaggerating to a degree. Not only are series such as *The Clairvoyant*, *Sorry!*, *Bread*, and *M.A.S.H.* not concerned with television, but there are also comedies which stand outside the massed ranks both of the half-hour sitcom and the vehicles for stand-up comedians. The best comedy to arrive on television for a long time is BBC2's *A Very Peculiar Practice* and in its first episode I noticed not a single reference to television.

Instead the targets were university bureaucracies and the medical profession, and while neither may seem particularly original as subjects for comedy, the attack on medicine was of a sort which has been needed for a long time. Television's tendency to coo and swoon at the sight of anyone wearing a stethoscope (an attitude whose genesis could be found in the 32-year-old movie *Doctor In The House* repeated on BBC1 on Saturday) needed countering. One wholly credible sequence in *A Very Peculiar Practice*, with Dr McCannon cleverly diagnosing psychosomatic abdominal pains caused by homesickness and overlooking acute appendicitis, was just the sort of antidote needed to television's habitual childish adulation of medics.

So although the "alternative" comedians may seem ubiquitous (incidentally, whatever happened to the new young professional comedians such as Jasper Carrott, Michael Barrymore and Phil Cool?) there are actually new and superior comedies which lie outside their ambit. Moreover, even if you concede that the "alternative" comedians do, indeed, seem to be preoccupied with television to the exclusion of almost everythingelse, it is a long step from there to the conclusion that we on the other side of the screen are all equally obsessed and are becoming a nation of passive onlookers.

Certainly many people do spend huge amounts of time in front of the box, hours which their parents and grandparents could not have afforded even if television had been invented in their lifetime; earning a living, preparing food and keeping warm and dry took too long. But are we really so much more passive than they were? Has television killed off the amateur drama group? Are sales of specialist magazines — on subjects from vintage cars to computers — down? The figures all suggest they are up. From gardening to foreign holidays, from evening classes, to fishing, from ballroom dancing to free-fall parachuting the figures indicate that the popularity of participatory activities goes up and up during the age of television — and very often *because* of television.

Sunday's *Grandstand* brought some of the most astounding sights I have seen in my life. "Two hundred thousand are running in London" we were told, and the airborne cameras showed scenes in Hyde Park which made the London Marathon look like a club outing. "The world is running: 20 million people are under way" said the commentator, and we cut rapidly from the banks of the Tiber to Dublin, from Brisbane with runners pounding through the darkness, to Ouagadougou, from Budapest to Auckland where they ran through the rain.

Bob Geldof, a child of the television age who, because he is a rock musician, understands the potential of the box, was following up the success of Live Aid — the world's biggest TV event — with Sport Aid, and 20 million had been inspired to get up and go. If that is passivity perhaps we should all become a lot more passive. Does anybody imagine it could have been done before the age of television?

The TV-inspired Sport Aid run in London on May 25

Alastair Muir

Timothy Dalton and Vanessa Redgrave

Antony and Cleopatra

Michael Coveney

Vanessa Redgrave's first Cleopatra was an unhappy outdoor affair at Sam Wanamaker's Bankside Globe mostly memorable for a scowling Octavious and a lot of black leather. Full amends are made in the Haymarket with this stunning performance in a production by Toby Robertson and Christopher Selbie imported from the Theatr Clwyd, Mold, by Triumph Apollo.

This great play has received few successful productions in recent years and while this effort has a few rough edges, it is as well to remember that the RSC has failed twice in the last decade despite the redoubtable trilogies of Jackson, Howard and Brook; of Mirren, Gambon and Noble (I have charitably forgotten about Rigg, Quilley and Phillips at Chichester).

Simon Higlett's design is a blasted mansion of ten entrances on two levels which resembles now a balustrated rotunda, now a scaffolded loading bay. It provides the flexibility of arena always needed for this play, and with Pat Nelder's lighting, is equally plausible as Roman senate house, Italian battlefield and echoing mausoleum.

It also offers an appropriate general area for a passionate affair conducted in the full public glare of political acrimony. The pairing of Redgrave with Timothy Dalton provides the best sexual chemistry since Janet Suzman and Richard Johnson, with an extra dollop of lissom carnality. She is a crop-haired, ginger tigress of old Nile, first seen pushing her prey in a large casket to the front of the stage, then smothering her bearded, beaded lover in kisses while he dallies playfully at her feet. Redgrave's stateliness has nothing to do with rigid elevation: her characteristic pose is a coiled crouch whence she leaps at the unhappy messenger, pulling a knife on hearing of the Octavia wedding.

By not complicating the interpretation with Egyptian clothes or mannerism, Redgrave releases Cleopatra in her full elemental force as a woman whose love life is victim to political expediency. She understands this less well than does Dalton's Antony, a charismatic emotional soldier whose mid-play disappointments are particularly well handled: spying "favours" granted to Octavius's henchman, he picks up Redgrave by the legs like a wheelbarrow before dissolving, exhausted in tears, roused to "one more gaudy night" by her cradling and caressing.

The kissing away of kingdoms and provinces becomes, for once, just that, with the doomed couple breaking the ties of mortality to renew the river Cydnus encounter on the other side. This welcoming of death is ecstatically undertaken by Dalton, who disrobes joyfully to his loincloth and is winched up to Cleopatra's tomb on a right-angled pulley arrangement that would seem less ludicrous if unaccompanied by some wheezy harmonium chords.

The suicidal impulse is strongly played, the abandonment of Antony by Hercules underlined with doomy music and Dalton sliding inexorably to his fate. This warrior of the Mediterranean and Middle East is magnificently attired in Turkish robes, his blood staining Redgrave's flowing white shift before she, in her first hint of regal ritual, dresses for death in stern solemnity, constant marble for the one and only time.

For Redgrave covers the whole range of this role: its beauty, sexuality, playfulness and energy: "I'm quickly ill and well" is exactly what she is, greeting Fulvia's death with mocking laughter, jauntiness only modified by wearing a decorous wig to learn of Octavia's points; the welcome bad report means that the security hair-piece can be dispensed with.

The text, a very full one, is spoken sufficiently well and confidently to compensate for some unusual characterisations, notably Robert O'Mahoney's Enorbarbus, a shadowy Antony himself who overcooks his rhetoric and gesture, and Ken Bones's un-boyish, sour and sonorous Octavius.

Pacific Ring II

Dominic Gill

Last Saturday I described on this page some of the more Cagean elements — including those provided by the presence of John Cage himself—in San Diego's Pacific Ring Festival, mounted by the Music Department of the University of California San Diego this month to celebrate the 25th anniversary of UCSD. Although he was not officially so, Cage could have been one of the themes of the festival, so pervasive was his spirit. But another important theme was technology, which centred around the work of one of the Music Department's most remarkable and innovative sections, the Centre for Music Experiment.

Founded in 1972 with a Rockefeller Foundation grant, CME is the only arts-oriented research unit in the nine-campus University of California system. A sort of west-coast mini-IRCAM, but supported by only a fraction of the Parisian IRCAM's work-space and budget, the Centre has provided a working environment during the past 14 years for a distinguished list of composers, performers, artists, dancers, scientists and scholars, and sponsored a number of important projects concerning in particular the design and construction of new types of musical instruments, the exploration of new ways to use existing instruments (including the human voice: the famous Extended Vocal Techniques Ensemble was an offshoot of CME in the 1970s), and the investigation of new types of musical structures through formal and improvisatory techniques.

Another important part of the research at CME has been dedicated to the development of a sophisticated computer system designed explicitly for musical purposes — CARL (everything these days has its acronym) is CME's Computer Audio Research Laboratory, whose principal facility is a large VAX computer running under a Berkeley-modified UNIX operating system, where research efforts are directed towards the creation of a facility which can do virtually anything possible with sound, including musical composition, synthesis, processing and analysis. A major project at present under way, most significantly, aims to provide access to all of CARL's computer music facilities for any individual or institution with the ability to fund an instrument comparable to the cost of a quality grand piano.

Perhaps the most notable result of CME's presence on campus in San Diego is that UCSD students are at ease with technology (the syllabus is not dissimilar to that of our own City University in London, where a similar emphasis is also placed on performing, and where instrumental expertise contributes substantially to the final degree). Three of the dozen or so festival concerts were devoted largely to student compositions performed by students: and all three were remarkable for their sure-handedness, for the elegance with which technical problems were posed and the ease with which they were overcome.

For the sheer polish of their composing and performing technique they were among the best student concerts that I have heard. Not all by any means used technology any more recent that the 18th-century violin, although some others, by contrast, may have been composed digitally on quadrophonic tape—but each unfolded with the same stride and confidence; there was no self-consciousness in the leap, no self-conscious division between the old and the new.

An afternoon concert on the theme of "Technology" introduced the work of the video artist Ed Emshwiller — a tiny, absolutely enchanting piece called *Sunstone* for video synthesis alone, and an impressive collaboration with the composer Roger Reynolds called *Vertigo*, whose four-channel digital tape (the result of a long series of experiments in dramatic spatial, as well as timbral, alterations) made remarkably effective counterpoint with Emshwiller's forceful, fleeting images. I was sorry to have to miss the electronic works of the Japanese composer Joji Yuasa on the festival's final day; but I caught two of his pieces at an earlier concert *Towards the midnight sun* for piano and tape, which uses various degrees of white noise as a haunting descant for the solo instrument; and his early *Questions* (1971) for small mixed chorus to a text by Shuntaro Tanakawa, gently unorthodox, delicately provocative.

It was characteristic too of the Pacific Ring programme that beside the works of the Center for Music Experiment it should also take place—as a kind of salutary mirror image—parallel work from the South American continent undertaken with minimal resources and virtually no use of the new technology at all. In the same concert as *Vertigo* we heard *Hibrido a Presion* by Joaquin Orellana from Guatemala, scored for 17 percussion instruments, two flutes and tape.

Orellana builds his instruments himself out of whatever materials are most easily and cheaply available, bamboo, metal, glass and porcelain. His home-made orchestra (miraculously transported whole and undamaged from Ciudad de Guatemala) was like an immense bamboo synthesiser—and indeed in its procedures seemed to imitate (whether consciously or no) many of the well-established electronic techniques. *Hibrido* was an exhilarating experience, as much for the performers (mostly from UCSD) as the audience: a bolt of high-voltage electricity without meters, plugs or wires. No one was quite sure: a message from the past to the present, or the present to the past?

South Bank Summerscope '86

The theme of this year's five-week season of music in the Elizabeth Hall and Purcell Room will be a musical celebration of the 20th century, and opens on July 28 with the Arc Dance Company and solo appearances by John Williams (guitar) and Phyllis Bryn-Julson (soprano).

The programme will include the world première of Harrison Birtwistle's opera, *Yan Tan Tethera*, the Glyndebourne production of Britten's *Albert Herring*, and a new production of Mozart's *Cosi fan tutte* by *Opera Factory*.

There will be a series of recitals featuring song writing from Schoenberg to Broadway, and the London Sinfonietta Voices with the Songmakers' Almanac will present the history of this century through song.

The Kronos Quartet from Los Angeles will team up with Electric Phoenix to present works by Terry Riley and Philip Glass, and popular string quartets of the 20th century will be performed by the Endellion, Takacs and Lindsay string quartets.

As well as events in the two concert halls, there will be free entertainments in the foyers and a "puppet barge" moored alongside the Festival Pier.

Gail Thompson/100 Club

Kevin Henriques

Tenor-saxist Gail Thompson is among the flurry of young British jazz musicians who have been causing a stir in recent years, signalling, one hopes, the nucleus of the next generation of quality local jazzmen/women. In fact Gail Thompson is something of a young veteran, for at the end of the 1970s she was skilled enough to play baritone-sax in the all-star band accompanying the West End show "Bubbling Brown Sugar." She is a member of the outsize saxophone section of the Charlie Watts Big Band and leads her own groups of varying sizes, mainly Gail Force, which she fronted on Sunday the 100 Club, Oxford St.

This is an all-woman sextet, comprising four saxes, (two tenors, two altos—one doubling soprano), conga drums and bass guitar. Much of the repertoire comprises lively arrangements of standards (mostly be-bop tunes) plus originals by the leader. The unusual instrumentation makes for compelling listening, even though several times on Sunday the execution in the ensembles, notably the fast numbers, did not match the players' intentions or enthusiasm.

The pleasing feature of Gail Force is that its tunes are arranged in a thoroughly interesting way. The soloist is often supported by the other saxes riffing and interjecting meaningfully. Solos are not taken in the same order and the programme is varied in mood and tempo. Even so, several times on Sunday there were cracks: lack of rehearsal, unfamiliarity with the scores or sheer inexperience may have contributed to the moments of insecurity and some none too wonderful playing.

Perhaps because her style and alto-sax sound were so different from her colleagues, Joan Cunningham was the pick of the soloists. Her tone, more reminiscent of Lee Konitz than Charlie Parker, and her obvious belief in the importance of spaces in improvising, made her the most captivating of all the musicians, notably on her feature, "Autumn Leaves."

Leader Thompson on tenor still seems in the processing of developing her own style. As yet there is little which marks her out from among her contemporary tenor-saxists. Her composing sounds far more interesting: the Spanish-tinged "Forget this, let's play jazz" (or vice-versa!) and the soulful "Maybe it's me" were two which illustrated her undoubted talents in this direction.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 23-29

Theatre

NETHERLANDS

Eindhoven, Schouwburg. Chengdu Puppet Theatrefrom China (Wed, Thur). (11 11 22).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kick and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elinor Renfield, who last directed Peter Nichols's Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (488 3300).

Loot (Music Box): John Tillinger directs this high-spirited revival of Joe Orton's 1966 macabre farce featuring Zoe Wanamaker as the homicidal nurse who romances a widower while burying his wife and conniving with their thieving son to hide the body. (239 6200)

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Are You Lonesome Tonight? (Phoenix): More musical hagiography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

Blithe Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Saleroom/Antony Thorncroft

Garden ornaments

Today, in the garden of its Billingshurst auction room in Sussex, Sotheby's holds its first auction of garden statuary and architectural items. It is a massive sale, with more than 500 lots on offer. Sotheby's hopes that the array will have tempted over the American and European dealers who have rarely bothered to attend the minor auctions of the past.

Across the country at the weekend Christie's South Kensington, which has pioneered this market, held its summer auction, at "Southways" at Lowfield Heath. Its top price was the £5,500 paid for a complete set of fittings removed from a room at Buckhurst Park in Ascot, comprising fire place, over-mantel, wood carvings in the manner of Grinling Gibbons, and much more.

The room only dated from the late 19th century but it had pretensions: even so the price was slightly below the bottom estimate. It had been sent for sale by the hotelier Nevvar Hickmet, who was one of the biggest private collectors of architectural, fittings which he placed in his hotels. He sold most of the items at the auction.

An extraordinary price was the £4,000 paid for a pair of 19th century English lead flower troughs, the property of Lord Bolton and removed from Bolton Hall in Wersleydale. They carry a coat of arms and their provenance raised them well above the £800 top estimate.

A pair of Indian white marble side tables from Jaipur, 19th century, doubled their estimate at £4,800, and a pair of carved stone putti, plump little figures much ravaged by the weather, also far exceeded expectations at £2,200. A pair of early 19th century lead garden urns sold for £2,800 (top estimate £800) reflecting the strong private demand for such garden artifacts—and suggesting that Sotheby's will have a good day.

Michael Crawford to return as Opera Phantom

After recently closing his long run with *Barnum* Michael Crawford maked a speedy return to the West End this autumn playing the part of the Phantom in Andrew Lloyd Webber's musical adaptation of *The Phantom of the Opera*, which opens at Her Majesty's Theatre on October 9, previews from late September.

His "victim," Christine will be played by Sarah Brightman, wife to Andrew Lloyd Webber, who is co-producing the £2m show with Harold Prince. The libretto is by Richard Stilgoe and Carles Hart. A.T.

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Thatcher plea for dialogue

THERE ARE few western leaders who in the space of a few months have been cheered through the streets of a Palestinian refugee camp in Jordan and through the streets of Israel. Mrs Margaret Thatcher, the British Prime Minister, has demonstrated the capacity to be welcomed on both sides of the Arab-Israel divide and by so doing has helped to keep alive a glimmer of optimism that this dangerously intractable conflict is capable of a negotiated solution.

Her visit to Israel which concluded yesterday was a success within the limited objectives she set herself. Mrs Thatcher built on the good working relationship she has developed with Mr Shimon Peres, Israel's Prime Minister, and heard at first hand from Palestinian leaders their assessments of life under occupation on the West Bank and Gaza and their views about how best a peace process can be reconstructed. In itself, not a great achievement: but given the history of the region, the collapse of the initiative headed by King Hussein of Jordan, and the most recent increase in tension between Israel and Syria, a useful reminder that there is an alternative to bloodshed.

With Britain about to take over the Presidency of the EEC, Mrs Thatcher is well positioned to develop these contacts. She is perceived in the Middle East as a strong leader, a quality that is much admired in the region. Her sympathies for Israel have been well charted in the Arab world but so too has her respect and admiration for men such as King Hussein.

Broader support

During her trip to Egypt and Jordan last autumn the Prime Minister invited two members of the Palestine Liberation Organisation's Executive Committee to London for talks with Sir Geoffrey Howe, the Foreign Secretary. Although the talks did not take place, no blame attached to Mrs Thatcher. She had made the gesture, which entailed a degree of political risk, and that has been remembered.

In Israel, Mrs Thatcher has also been listened to with attention, even though there are substantial differences in the views of the two governments. Her call for elections on the West Bank and Gaza was quickly rejected but there was broader support in Israel (and across the river in Jordan) for her plea for "representative" Palestinian leaders.

In the weeks ahead Mrs Thatcher will have the opportunity for further consultations in London with King Hussein and, as importantly, to urge on President Reagan the need for the Administration to resume a more active diplomatic role in the region. On her own, or even within the EEC context, Mrs Thatcher cannot hope to rival the influence and political weight of the US. But as the Prime Minister has shown, even quite small gestures contribute to an easing of tensions and help to sustain those courageous individuals who are under constant threat from the actions of the radical minority.

Next step

In the highly-charged atmosphere created by terrorist outrages it is easy to forget the excitement and hope that accompanied President Sadat on his trip to Jerusalem. Whatever happened subsequently, it was an event that turned conventional Middle East pessimism on its head. Hitherto bitter enemies can talk to each other, negotiate and at least partially agree.

It is equally easy to forget how close King Hussein came to an agreement with the PLO leadership in February and the pledges that the US had made if there was a joint Arab approach on the basis of recognition of Israel and a renunciation of violence.

The alternative of course is to continue the slide towards the next, inevitable outbreak of hostilities. It is wrong and dangerous to argue, or assume, that some sort of "undertanding" can be achieved which would result in an uneasy but durable no-peace, no-war situation. There is no dead-centre for the Middle East political pendulum and if it is not being pushed in one direction it will assuredly swing rapidly towards the other.

Mrs Thatcher has recognised this danger with her insistence that dialogue, any dialogue, has to be continued. Having assumed some of the responsibility, the Prime Minister will need to chart her next step — perhaps a message to President Assad of Syria, whose sensitivity to accusations of international terrorism and dire economic difficulties at home could make him more responsive to a hint of conciliation.

Flexibility in labour markets

ECONOMISTS ARE constantly arguing that unemployment is high in Europe and elsewhere because labour markets are not sufficiently flexible. Indeed, the need for labour market flexibility has been adopted almost as a slogan by many governments. The argument about the importance of flexibility is rarely, however, spelt out in detail. The result is that many people are unsure which rigidities matter, how they can be removed and whether reforms would in fact create many new jobs.

Some of these doubts should be lifted by an OECD report on labour market rigidities published today. The study is the work of a group of experts led by Professor Ralf Dahrendorf, the sociologist and former director of the London School of Economics. The group includes company chairmen, labour relations experts, and the former leader of a large US union.

No substitute

Professor Dahrendorf and his colleagues seem well aware of the dangers of preaching to the converted. Their arguments are sensibly designed to appeal to groups—perhaps the labour movement in particular—which are often sceptical of the doctrines of market economics. The study thus stresses that the removal of rigidities is no substitute for appropriate macroeconomic policies and that economic efficiency cannot be regarded as an end in itself.

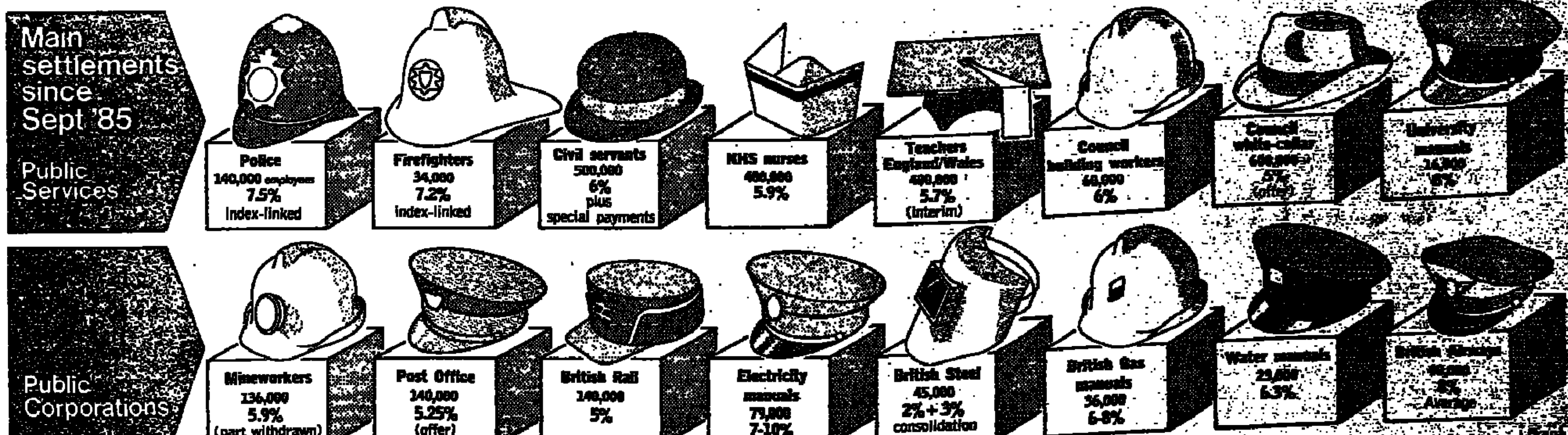
Various sources of labour market flexibility are scrutinised in the Dahrendorf report. On some types of rigidity—for example, the wage-setting mechanism — its conclusions are familiar enough. It points to the importance of wage moderation and draws attention to the need for wage differentials. It argues that two types of differential are particularly important: those between adult and young workers and those between workers at different skill levels.

The study is more original when it addresses the issues of worker mobility and conditions of employment. On the latter, it points out that job security is a legitimate and widely sought-after reward of employment and that many workers are willing to trade pay for increased security. The problem is that although employment protection laws confer genuine benefits to individuals, they also tend to result in higher average labour costs for employers. The right balance between the conflicting requirements of security and flexibility will depend upon a country's particular history and institutions.

The OECD investigators draw an important distinction between internal and external worker mobility. Internal mobility occurs when a worker changes his location or function within an organisation; external mobility occurs when a change of company or employer is involved. The two types of mobility are close substitutes: the report points out that Japan's low unemployment is primarily a reflection of very high internal mobility; America's a reflection of high external mobility. Europe suffers high unemployment because it lacks either sort of mobility.

External mobility is impaired because pensions are not fully transferable (the UK's system of company-based pension schemes presents special problems) and by sclerotic housing markets. Internal mobility is hampered by companies' failure to invest sufficiently in education and training and by individuals' unwillingness to adapt. Professor Dahrendorf and his colleagues argue that better internal mobility is a particularly important goal for Europe because it resolves conflicts between job security and labour market flexibility.

The report sounds one clear warning: that people tend to rely excessively on governments as agents for change. In fact, "the scope for further action by governments in matters relevant to labour market flexibility is limited." The implication is that the removal of rigidities—and thus to some extent the reduction of unemployment—rests in the hands of individuals and companies and their willingness to adapt to changing economic circumstances.



UK PUBLIC SECTOR PAY

The door opens just a little

David Brindle finds tentative signs that public sector workers are regaining the initiative

IT IS eight months since the Confederation of British Industry warned of a pay "breakout" in the public sector unless UK companies moderated their wage settlements and halted the disproportionate rise in earnings of private sector workers.

The authors of that CBI pay presentation, given the ominous title Make or Break, will not have been surprised at two developments last week: the agreement giving power workers 6.5 per cent on basic rates and as much as 10 per cent overall in some cases; and the announcement of pay review body awards averaging 6.5 per cent to 8.2 per cent in a full year for nurses, doctors and dentists and the armed forces.

It is, admittedly, far too early to say there is any kind of broad pay breakout in the public sector. But there are clear signs of an increase in the general level of basic wage settlements, bringing them closer to the 6 per cent that is typical for the private sector and the 7.5 per cent increase in average earnings for the economy as a whole.

Indeed, Industrial Relations Services, a pay research group, has gone as far as to suggest that pay rises in the public sector are outstripping those in the private sector for the first time since the start of the decade: over the 12 months to April, IRS says, the median level of increase in the public sector was 7 per cent, compared with a median of 6.5 per cent for private sector companies and 5.9 per cent in industry-wide private sector agreements.

Other pay analysts challenge this assertion. Nonetheless, few would deny that many, if by no means all, public sector workers are faring better in terms of their pay settlements than at any time since 1980 when the Government wound up the commission on pay comparability headed by Professor Hugh Clegg. Owing to a combination of union pressure to make good erosion of relative pay levels, a narrowly averted dispute in the Civil Service last year and the Government's continuing re-assessment of policy priorities, the squeeze is not what it was.

What is happening in the public sector thus appears to contrast with recent ministerial pronouncements. After all, was it not Lord Young, Employment Secretary who told the Scottish Conservative Party conference earlier this month that any pay increase above the rate of inflation must be justified and that "we should give ourselves zero pay rises, unless we earn them"?

Moreover, was it not the Prime Minister herself who, on the very day last week that the pay review body awards were announced, said in a speech to the CBI's annual dinner that "a great deal depends" on ensuring high labour costs do not erode Britain's competitiveness?

The pay of public employees accounts for a little more than 40 per cent of UK public expenditure. However, the Government's influence over the level of settlements in two areas, local government and the nationalised industries, is limited to manipulation of, respectively, rate support grant and external financing limits. It only has any direct constraint over central government and the National Health Service.

Thus, on May 12, ministers were obliged to resort to a face-to-face appeal to local authority leaders to stay their hand on a mooted early deal of at least 6 per cent for more than 1m council manual workers.

Mr Kenneth Baker, then Environment Secretary, and colleagues from both his Department and the Treasury, summoned the local authority negotiators to a meeting on the eve of pay talks with the manual workers' unions.

It would, he said, be most unhelpful if a settlement twice the inflation rate was to be agreed for such a large bargaining group four months ahead of the due date. Far better to hold fire in anticipation of workers' pay expectations being depressed by the steep fall in inflation.

As it transpired, no agreement was reached the next day and the manual workers' wage talks have indeed been put on ice. But there must be doubt whether negotiations later in the present pay round in so far as there still is such a thing as a clearly-identifiable bargaining season) will be influenced more by lower inflation than by earlier settlement levels.

Consider the power workers: although an offer of 5.5 per cent was on the table, the unions involved were able to win a majority of almost 72 per cent in favour of industrial action in a pre-strike ballot. Had the employers earlier offered 6 per cent, comparable with the basic settlement in British Gas, the ballot might well not even have been held.

Armed with a majority of power supplies for the first time since 1970, the unions were able to come away with what they called "a first-class package" comprising: 6.5 per cent on basic rates; enhanced overtime rates giving a craftsman £2 a week extra for four hours' additional duty; a lump sum of £50 a head to compensate for a three-year freeze of overtime rates; a full grading review and, meanwhile, extra incremental points for three grades with long-standing grievances; and a commitment by the employers to look again at the possibility of overlap between manual and white-collar supervisors jobs.

No doubt the power workers were motivated to an extent by a resentful feeling of never having been rewarded for their loyalty in keeping power stations open during the year-long miners strike. But there can be little dispute that their settlement does not, from the Government's viewpoint, augur well for public sector negotiations in progress or to come this year

Incomes Data Services, a pay research group, says in a report due out later this week: "The immediate prospects suggest that the underlying rate of increase in average earnings will continue to run at 7.5 per cent, some 4.5 per cent ahead of current inflation. This is because a narrower, marginally lower range of basic increases is being topped up by other payments such as incremental progression, scale restructuring, merit and performance pay, profit-sharing and flexibility payments."

Such projections will be noted by, among others, leaders of the Union of Communication Workers. They have rejected the Post Office's wage offer of 5.25 per cent—only 4.8 per cent of which, the union says, is "new money"—and have called an industrial action ballot. Leaders of local authority white-collar staff have also issued an early threat of industrial action after rejecting an opening 5 per cent offer last week.

Others still to settle include: white-collar gas and electricity staff; teachers, who aim to build on their interim awards at the conclusion of current inquiries into their employment terms; the National Union of Mineworkers, which has had a 5.9 per cent pay-and-bonus offer withdrawn, although it has been paid to the rival Union of Democratic Mineworkers; NHS ancillary and clerical staff; industrial civil servants; and (as mentioned) council manual workers.

It could be argued that the easing upwards of the level of public sector settlements began with the council manual workers' last deal, moving them from the front to the back of the pay round and giving them an average 8 per cent (6.7 per cent to 12 per cent on grade rates) in anticipation of a grading review now under way after one false start.

That deal has had a direct knock-on effect on negotiations this year for university manual workers, who also won 8 per cent and on continuing talks for 250,000 NHS ancillary workers, who expect similar treatment. Their basic rates remain low by almost any standards: mainly £72.53 to £85.93 a week for 40 hours. Talks, which have not gone well so far, resume next month.

It would, however, be wrong to exonerate the Government itself of responsibility for rising public sector pay expectations. As the local authority leaders put it to ministers at their meeting two weeks ago, a lot of money appears to be finding its way into pay packets.

The first sign of a change in the Government's attitude to civil servants' pay came last autumn when it was disclosed that the system of announcing a pay ceiling was to be ended. (In both 1984 and 1985, the Government had set a figure of 3 per cent.) Then, later last year, it became evident that many staff were to receive special payments in recognition of recruitment and retention difficulties or, as in the case of 150,000 clerical workers this month, in respect of introduction of computer technology.

As a consequence of the blossoming of these one-off deals, it is hard to quantify the increase in the Civil Service pay bill this year. Certainly the 6 per cent general increase is not the end of the story.

According to analysis of the Public Expenditure White Paper by the Council of Civil Service Unions, there may be provision for up to 8 per cent —even on an inflation assumption of 4.5 per cent, half as much again as the current rate. According to the Commons Treasury and Civil Service Select Committee, there may be provision for as much as 9.4 per cent, though this estimate was not accepted by Treasury witnesses who appeared before the committee earlier this year.

Further to such evidence of pay pressure being surreptitiously relieved in the privacy of the Government's own backyard, it seems that the concept of pay comparability—a dirty word in Government circles after the legacy of the Clegg commission—is being resuscitated, at least on a limited basis.

Not only was the 6 per cent Civil Service settlement justified by a survey of pay movements in the private sector but the Government has now formally offered civil servants surveys of outside pay levels at least every four years. In an attempt to revive their unions' interest in a long-term pay determination system, the Treasury has tabled proposals promising remedial action if such surveys show "that the remuneration of the grade or grades in question has become seriously inconsistent with the remuneration of relevant jobs elsewhere so that unacceptable changes have arisen."

Eligibility for merit awards was last week extended to more senior civil servants, at the same time as announcement of a performance-linked pay system for NHS general managers. But the experience of the performance pay bonus trial in the Civil Service has not been happy: a survey by consultants Hay-MSL found that most senior staff considered the scheme divisive and bad management practice.

Such piecemeal experiments will no doubt continue. In the pay mainstream, however, the "caring" Government looks unlikely to want to rock the boat any more than it did last week when it adroitly reduced the cost impact of the review body awards to an average 5.8-6.1 per cent by freezing implementation for three months.

Only the awards for top civil servants, judges and high-ranking military officers, who get an average 3 per cent this year and 4 per cent in a full year, will not be honoured in full after the three-month standstill.

When ministers gave evidence to the pay review bodies, the idea of extra funding for their awards was explicitly and firmly ruled out. Last week, £60m was suddenly "exceptionally" available for the NHS. That, perhaps more than anythings else, demonstrates how the public sector climate has changed in recent weeks.

Men and Matters

South Africa's Terre' Blanche

Rip Van Winkle is alive and well in the rural Tranvaal, heartland of Afrikaner Boer country, which is desperately trying to turn back the tide of black political and social advance and return to the simpler days of the 19th century when the Afrikaners reigned supreme and "kaffirs" knew their place.

In the tiny dorps and isolated farms of the high veld, the new hero is Eugene Terre'Blanche, leader of the right-wing paramilitary Afrikaner Weerstandsbeweging (AWB). With his grey beard, piercing blue eyes under bushy brows, this 43-year-old ex-policeman from the Transvaal farming district of Ventersdorp, west of Johannesburg, is the archetypal Afrikaner, descendant of that tough breed which trekked north out of the Cape in the 1830s and carved out their own God-fearing, Bible-punching republics.

Since 1948, the whole of South Africa has been ruled by the predominantly Afrikaner National Party. It seemed that the Afrikaners had finally won back their land from the British who defeated the Boer republics in the Boer War.

Now men like Terre'Blanche are accusing the Nationalist Government of selling out the Afrikaners' birthright with their policy of reforming apartheid and sharing power with blacks.

Last Thursday Terre'Blanche and his "Storm Falcons" punched and kicked their way on to the stage at the somewhat appropriately named "Jack Botes Hall" in Pietersburg. Instead of Foreign Minister, Pik Botha, it was Terre'Blanche who got a delirious reception.

Last night Terre'Blanche was due to return to the scene of his triumph and address an AWB rally in the local rugby stadium. And the AWB has called on rightwingers from across the country to gather on Saturday at the Voortrekker monument in Pretoria to dedicate themselves to the struggle.

Once again Afrikaners are embroiling themselves in a "Broder-twis" — a fraternal struggle which is all the more bitter for being within the family. It seems like a replay of the divisions which broke out towards the end of the Boer War between the "Hensoppers" —literally "hands-uppers," who were prepared to sign a peace treaty with the British, and the "bitter einders," who vowed to fight on.

The main difference is that this time round, the black majority is no longer a passive onlooker but is itself deeply involved in the complex power struggle for the future of South Africa.

Angry elite

Staff at the World Bank and the International Monetary Fund have learnt to live with critics in Washington carping about their tax-free salaries and perks — it has been going on for a decade or more. But now things are getting serious.

At the insistence of US Treasury Secretary, James Baker, this year's general increase in salaries at the two institutions, which would have brought officials rises of between 3.8 and 5.3 per cent, has been put on hold pending the outcome of a full scale salary review. Instead, selected staff will be getting slim merit rises of around 2.4 per cent.

The decision, announced last Thursday in spite of a last ditch effort by World Bank president Tom Clausen to prevent it, led to a mass walk out of workers at the Bank and the Fund on Friday, and yesterday officals at the Bank were waiting to see how many employees would observe a second day of protests.

At the bank in particular, where boosting morale is widely seen as a top priority for the incoming president Barber Conable, who replaces Clausen in July, the new plan for curbing salaries is a blow. But it is hard to find much sympathy in Washington, or in the capitals of hard pressed developing nations, for workers who are earning tax-free salaries of up to $50,000.

Employees at the two institutions have chosen an odd time to demonstrate their dismay. By staying away from work over the Memorial Day weekend they have simply encouraged the impression that they wanted a few extra days rest, bolstering their image as a pampered elite.

The message being sent by Baker and the US Treasury is clear. With Washington in the throes of budget-cutting, the multilateral lending institutions are in for a rude awakening.

The Bank is widely seen to be overstaffed. Alongside the scores of dedicated workaholics who will deserve every cent of their merit rises are too many bureaucratic paper-pushers. Many Bank sympathisers in Washington argue that this needs to change too if the institution is to function efficiently.

Lord's justice

When Ian Botham appears before the Lord's disciplinary committee tomorrow, the Somerset and England all-rounder will at least know that the chairman for the hearing is a man who also enjoys his cricket, albeit at a lower, amateur level.

Peter Bromage, senior partner in Evershed and Tomkinson, one of the Midlands' biggest commercial law practices, has been a keen club cricketer with his local side, Wednesbury, since his Cambridge days.

Bromage's public image is that of the austere pin-striped solicitor, but he is a man with a great sense of humour and a fund of sporting anecdotes, usually told at his own expense.

He tells me there is "quite a major cricket circuit" in the Birmingham business community, with his own office staff playing against colleagues in the professions and clients. Was he a Bothamesque all rounder? "I used to bat and I used to bowl. Now they allow me just a couple of over," he laughs. "You have to pull some rank as the senior partner."

But the partnership will not let him captain the side, he adds. "You know the definition of a cricket captain. He is the man who decides who bowls at the other end."

Bromage has had some experience of disciplinary hearings as a representative on the English Rugby Union committee. But this will be his first time in the chair at a Lord's hearing—the first time, in fact, for many years that a lawyer has been given the task.

Was the fact that he was the only solicitor on the committee a factor in his selection—and an indication of how circumspect the Test and County Cricket Board is being about the legal aspects of the Botham affair?

"I was not a party to the decision or the process which arrived at it," he replies in his most pompous legal fashion. Then, it is back to the anecdotes.

Seasonal change

A London schoolteacher, testing her pupils, asked them to complete the quotation: "In the spring, a young man's fancy." One 14-year-old girl wrote: "But in the winter, he dresses normal."

Observer

UK SHIPBUILDING

The seeds of decline

By Correlli Barnett

AS WE listen to the present death rattle of British shipbuilding we should not imagine that it has simply fallen victim to a sudden mortal disease or to mugging by the South Koreans. Rather its obituary should read: "After a long illness, self-induced," for even in the era of its world supremacy between 1870 and 1914 the industry already suffered from potentially lethal shortcomings. It built ships as the Middle Ages built cathedrals —"one off" custom jobs put together by swarms of craftsmen of many skills under the direction of self-taught "practical men."

By 1914 union demarcations had proliferated to 90, constipating efficiency and leading to fierce inter-union squabbles and strikes, while family managements were content to do what grandfather did, showing little interest in technical research, training or innovation. Already the layout and equipment of British yards struck foreign observers as antique.

It is therefore no wonder that when, 30 years later—in April 1944, the Labour First Lord of the Admiralty in Churchill's coalition Government, A. V. Alexander, submitted a memorandum on British shipbuilding's post-war prospects, he diagnosed its fundamental weakness as "a tendency towards what I may term the fossilisation of inefficiency." In fact, as Alexander well knew, the industry's performance during the Second World War had demonstrated that this fossilisation was already much more than a "tendency"; it was an accomplished and all-pervasive fact.

By 1942, lagging production in the shipyards and soaring U-boat sinkings of merchant ships in the Atlantic had prompted urgent investigations into what was wrong with the industry, and what might be done to boost output. A committee under Robert Barlow, a leading industrialist, reported scathingly in July 1942 on the attitudes of management and workforce alike:

"In certain yards we found an atmosphere based upon an inadequate appreciation of the urgency and gravity of the national situation. In some cases the management . . . did not fully appreciate the necessity for greater effort. A similar outlook was observed in the attitude of the union representatives."

Barlow wrote personally to the Minister of Production that "a degree of complacency among all concerned permeates the whole field of production." But such complacency even while Britain was fighting the Battle of the Atlantic was not the only factor making for poor productivity: in the Barlow Committee's opinion, the second factor lay in sheer slacking on the job: "Our attention was drawn to what has become a custom whereby workers delay starting work until 10 or 15 minutes after the due time and begin making their way to the gates 10 or 15 minutes before stopping time."

A second report, in September 1942, by a team under a distinguished engineer, Cecil Bentham, analysed the industry's technological shortcomings no less bleakly. Bentham's committee found management to be deeply conservative, with minds stuffed with Victorian technical prejudices, and professionally incompetent to manage complex processes:

"The planning of the work and the operation of the shipyard does not appear to have made much progress in the last 20 years," it reported.

There was little standardisation of vessels or components or engines. But in urging much more standardisation and prefabrication (like American "Liberty" ships or German U-boats), the Bentham Committee warned that a major obstacle lay in the lack of adequate cranage and of space for assembly of large sections. British yards were mostly equipped with 3-5 ton cranes, whereas the Bentham Report called for 15 tons — which compares with the 20 tons then usual in German yards.

Though some modern machine tools had been installed in recent years, wrote the Bentham Committee, "the effect is rather to show up how very much out of date is the remainder of the plant. The bulk of the machines in some works is left over from the last war or previously. Numbers are in use over 30 years of age and are unsuitable for present-day cutting speeds, unskilled labour, accuracy, convenience. . ."

These 1942 reports led to the most ambitious programme of capital investment in British shipbuilding for at least half a century — some 800 new machine-tools and nearly 200 modern cranes installed by 1944 at a cost of £6m. Yet output of ships continued to lag behind even lowered production targets. For management stubbornly resisted new methods like prefabrication or flow-line production of standard types and because of its weakness and incompetence failed to make optimum use of labour. The craft unions for their part did their best to obstruct technological change and preserve restrictive practices and overmanning.

"Dilution" with unskilled or semi-skilled labour spurred the most dogged obstruction of all, especially by the Boilermakers' Society. In the words of a Ministry of Labour memorandum in 1943, "Whenever dilution is raised, we seem to be brought up against this ghostly squad of unemployed boilermakers." When and where pneumatic riveting did replace hand-riveting, so requiring only one-man operation, an additional man (needed as a "mate" on pre-war hand-riveting) had to be employed as well.

The craft unions had exercised just as rigid a brake on technological change and productive efficiency in the days of Britain's world shipbuilding supremacy before the 1914-18 War. Between 1890 and 1893, for example, there was on average a major strike every month on the Tyne over questions of demarcation.

British shipbuilding therefore emerged from the Second World War with £6m worth of new equipment but with its fundamental shortcomings absolutely intact. It is no wonder that in July 1944 the Cabinet Reconstruction Committee concluded that while the prospects looked promising for the next eight to 10 years, this period of grace ought to be employed in securing its long-term efficiency. The forecast proved remarkably accurate, for it was in 1954 that German exports of ships first passed the British total, and 1955 that Japanese exports did likewise.

As the Cabinet Reconstruction Committee had feared, the industry, lulled by the fullest order book in its history, had indeed succumbed to "the fossilisation of inefficiency." Even in the face of a fall in world market share of more than three-quarters between 1955 and 1970, management and unions alike stubbornly perpetuated such fossilisation. In 1972-76, nearly 3m manhours were lost on average each year through strikes.

It took the industry's deathbed in the late 1970s and 1980s to bring about its repentance—and even then only a half-hearted one. There was a belated adoption of standard ship designs and series production, together with limited concessions by the unions over demarcation and the manning levels. But in 1981 productivity still remained only half the Japanese. Not until 1984 was a comprehensive agreement reached with the unions about interchangeability between skills — and even then it fell short of the complete flexibility between all types of skills customary in Far Eastern yards. And meanwhile, with order books shrinking and the world market slumping, the British shipbuilding industry was still delivering months and even years after the due dates.

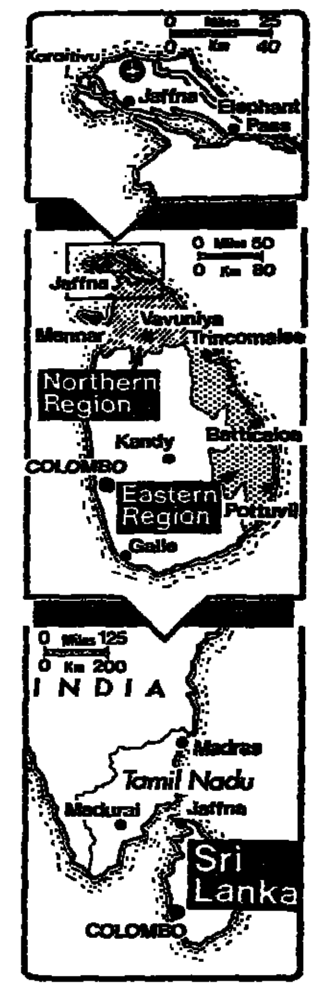
Given the record, therefore, we need feel no obligation to weep at the graveside of the industry, let alone to contribute to the funeral costs.

Correlli Barnett's latest book, The Audit of War, is published by Macmillan at £14 95.

SRI LANKA

The killings mount

By John Elliott, South Asia Correspondent



CHANDRA SIRI, a 14-year-old Sinhalese boy, escaped death last Sunday in north eastern Sri Lanka when he fell to the ground fast enough to avoid a hail of bullets that killed 10 relatives and friends. Lying beneath the bodies on the edge of an irrigation ditch, he escaped again when Tamil extremists lifted the heads of some of the dead and shot off the sides of their faces.

Indra Kumari, a 10-year-old Sinhalese girl, also escaped by feigning death when her grandmother and newly married uncle and aunt were shot and dumped in their blazing home in the same village of Siripuri, a few miles from the port of Trincomalee.

A few hours later both children described the massacre to visiting journalists. The 20 who died in Siripuri brought to over 4,000 the estimated toll of civilians, security personnel and extremists who have died in ethnic violence between Tamils and Sinhalese during the past three years.

The attacks jarred the peace and festivities of a major Buddhist festival being celebrated by the majority Sinhalese people. The night before, seven people were shot and hacked to death while preparing to go to a 2nd century Buddhist shrine.

All were victims of Tamil extremists who want to drive the Sinhalese to the south of the island and strengthen their claim to an independent Tamil state—or a large measure of devolution—in the northern and eastern provinces of this small country.

"It is a massacre to instil terror and destabilise Sinhalese settlements in Trincomalee," said Gen Sepala Attygalle, Secretary for Defence. Other army officers suggested Tamil extremists, who are accused of raising funds through narcotics trafficking, were taking drugs themselves before raids. "How else could they hold a child on a pillow and chop his face with an axe," asked Mr D. M. Ariyaratne, the local government agent.

Tamils claimed the violence could have been a reprisal for a little-reported attack on 50 Tamil houses by the Sinhalese home guard. This armed civilian body was set up last year to protect Sinhalese people being settled in Tamil areas, a controversial move which is changing the local ethnic balance.

But whatever the motivation, the atrocities shocked even supporters of the Tamils, as did Tamil bomb attacks on an Air Lanka airliner and a central telegraph office in Colombo earlier this month when 30 people died.

This sharp escalation of violence appears to have been aimed at upsetting peace efforts which seemed to be heading for some success earlier in the month.

The violence is not only between Tamils and Sinhalese. Another 200 to 300 were killed this month when rival Tamil groups fought a bitter war in the northern peninsula of Jaffna. Security forces then attacked in an attempt to end the extremists' virtual control of the peninsula, killing 30. Local people claim another 90 civilians died in that attack.

This week Mr Ronnie de Mel, the Finance Minister, has for the first time had to cut his five-year rolling development plan which is already 7.5 per cent lower than earlier targets. The cut is because defence expenditure has risen 15-fold since President Jayewardene came to power in 1977. In the last two years it has almost tripled from Rupees 3.6bn (£85m) to Rs 10bn.

Tourism receipts on an island which is a holiday dream with a temperate climate all year, wooded mountains and ancient Buddhist cities and shrines, have fallen by 33 per cent in three years. Tea and other commodity prices that propped up the economy in 1983 and 1984 have dropped sharply.

Foreign aid has stagnated because of more promising development potential in other countries and because of concern about the government's apparent inability to decide that it really wants a peaceful rather than a military solution.

Foreign investment has slowed to a trickle and may be further hit following the bombing of a part-Japanese owned cement factory last week.

Sri Lanka's 15m people are 74 per cent Sinhalese and 69 per cent Buddhist. The Tamils make up 12.6 per cent, split roughly two-to-one between Hindus and Christians. They have close links with 60m Tamils in the south Indian state of Tamil Nadu.

The stability of the island has become more important with growing ethnic unrest throughout the Indian subcontinent. India's main worry is the Sikh crisis in the northern state of Punjab and it also has insurgencies in its remote far north eastern states. Further trouble from regional politicians in Tamil Nadu—where there was a strong independence movement 25 years ago—would be unwelcome. India is therefore trying to mediate in Sri Lanka in an attempt to satisfy its own Tamils sufficiently to avoid the risk of another move for independence—and to silence persistent demands from Tamil Nadu that it should act militarily against Sri Lanka to stop alleged genocide by rampaging troops.

In deference to Tamil opinion, it has not closed down propaganda offices and suspected extremist training camps, which operate in and around the Tamil Nadu state capital of Madras.

In Sri Lanka, what started as a protest over ethnic discrimination has developed into a terrorist conflict. The main extremist group, the Liberation Tigers of Tamil Eelam, has become so powerful that it is unlikely to settle for anything less than independence. Mr Lalith Athulathmudali, National Security Minister, sees little point in a temporary ceasefire because of the Tigers' attitude. He says: "I cannot predict any timetable for a negotiated settlement because I cannot see the Tigers taking any step towards peace."

Another complication is that politicians like Mr Athulathmudali and Mr Ranasinghe Premadasa, the prime minister, are contenders to succeed Mr Jayewardene, now in his 80th year. They do not want to annoy majority Sinhalese opinion by being too conciliatory. And Mrs Sirimavo Bandaranaike, the 70-year-old opposition leader and former prime minister, is on the sidelines whipping up anti-government Buddhist opinion whenever the Tamils are given concessions.

With India's encouragement, the government improved its offer for a settlement earlier this month. But the talks came unstuck when Mr Athulathmudali refused to confirm certain details and then launched the Jaffna army offensive.

Substantial progress had been made on guarantees on land settlement for Tamils, and on a system of devolved provincial councils with locally elected chief ministers. The Tamils want a combined provincial council for the northern and eastern provinces which the government firmly rejects.

A compromise involving an inter-provincial committee is deadlocked over whether central or provincial government should control the police.

Moreover, the Sinhalese fear that any settlement would only become a platform for future Tamil independence claims. On the other hand the Tamils, backed by India, wonder whether Sri Lanka really wants a settlement before it has militarily defeated the Tigers.

Major aid donors such as Canada, Sweden and Norway suspect along with India that recent peace initiatives have been aimed only at diverting international criticism of Sri Lanka at annual aid talks in Paris on June 19.

The Tamils and Sinhalese have been fighting each other in Sri Lanka for over 2,500 years. While it may be unrealistic to expect 1986 to produce a permanent solution, the urgent need is for a settlement of current claims which will stop the terrorism and prevent the island's economy slipping from slower growth to actual decline.

Letters to the Editor

Minimum wage

From the General Secretary, Electrical Electronic Telecommunication and Plumbing Unions

Sir,—I wondered why the two thirds national minimum wage kept resurfacing at the TUC and the letter from Mr Byrne (May 20) of the Low Pay Unit indicates that it follows pressure from his organisation. I have consistently argued that such a formula would provide a moving escalator for inflation rather than a solution to the problem. I am further surprised that he feels that the establishment of a national minimum wage is not political, as statutory regulation of wages seems highly political. The TUC document makes quite clear that an integral part of such a policy involves unions generally undertaking not to quote in claims of higher paid workers that element of general percentage increases in earnings specifically related to the general move to attain the national minimum wage.

The document further says "at the heart of this issue is the question as to whether the trade union movement can collectively address itself to the distribution of incomes as a whole, and take collective view of what it should be." Moving along that path inevitably involves a pay policy from either the TUC or the Government which must also contain sanctions against those who are in breach of the policy. It is quite legitimate for someone to argue for an incomes policy involving a minimum level, but less than honest to deny the linkage between the two.

We accept the connection between low pay and inefficiency. We believe however that this should be resolved by the collective bargaining mechanism through what the TUC describes "as the need to upvalue lower paid jobs in terms of those factors, content, skill and responsibility to which pay levels are related." This should be supplemented by the tax and benefit system. We further believe that whatever is said at the TUC and Labour Party conferences this year, the practice of other unions will more closely reflect our analysis than the aspirations of advocates of the national minimum wage.

It is our view that it is better to have this argument out in the open at this stage rather than face the inevitable difficulties following the introduction of such a policy.

Eric A. Hammond,
*Hayes Court,
West Common Road,
Bromley, Kent.*

Payment on time

From the Head, Technical Advisory Department, Institute of Credit Management

Sir,—On May 19 Government launched a new booklet "Payment on time" describing the best practice which should be followed by both buying and selling organisations to achieve payment of invoices by the due date. Failure to pay promptly damages all businesses, but the smaller firms undoubtedly suffer most.

Members of this institute have wide experience of collecting money owing to their companies and know which firms are the slow payers. The biggest companies are often the worst and if a list was compiled it would feature well known names. If big companies delay payment to suppliers, they in turn may have to delay payment and a chain reaction starts. It is up to the large companies to give a lead in improving the speed of payment of invoices.

E. L. Walker,
*Easton House,
Easton on the Hill,
Stamford, Lincs.*

Japan's world role

From Mr J. Bourlet.

Sir, — Mr R. Wilkinson ("Japan's missing world role," May 20) argued that Japanese overseas investment can only gain acceptability if Japanese domestic housing, journeys to work, ease of import purchase and suchlike are somehow levelled to western standards.

Have such an amazing set of conditions ever been demanded from any country before? Have past large investing nations such as Britain, France or the USA ever made virtue at home a precondition for investment abroad?

In any case, life in Japan is by no means as unattractive as your correspondent implies — witness the common preference of overseas Japanese for a return home. Our western pot, meanwhile, is far too black to entitle us to criticise Japan's cultural kettle.

Japanese overseas investment does provide competition for alternative suppliers of funds (and one must expect veiled demands for protection) but the impact on interest rates is positive, the contribution to employment and productivity welcome and the power of recipients to renage on their debts — via inflation — is outside Japanese hands.

In short, Japanese overseas investment already has recognised acceptability and a case has yet to be convincingly made to the contrary.

James Y. Bourlet.
*(Visiting fellow),
Keio University,
15-45, Mita 2-chome,
Minato-ku,
Tokyo 108.*

Independent local radio

From the Industrial Officer, Broadcasting and Entertainment Trades Alliance

Sir,—It is not surprising to read Mr Bilton's (May 16) description of the Independent Broadcasting Authority's role in broadcasting. His prescription for change in independent local radio (ILR) is equally not surprising for its thorough-going simplicity and short-sightedness.

The IBA has a central role in the regulation of the ITV contracting companies and the independent local radio contractors. The IBA has provided the public with TV and radio signals to the highest of technical and engineering standards. Rather than being a constraint on the activities of the commercial contractors the IBA has provided the environment for those companies to pursue their ends in the certain knowledge that their programmes reach the widest audience throughout the country. The IBA has shown its sensitivity to the problems of independent local radio by the desire to integrate the commercial radio and TV accounts. What must not change in the interests of the public and ILR is the role of the IBA.

Whether or not, as the IBA alleges, marketing expertise is lacking in ILR is debatable; what is clear, however, is that ILR has not taken a sufficiently large enough share of potential advertising revenue from the available supply. Local radio is a medium that could and should generate a far greater income from local and national advertising. It would not then be necessary for the few ILR managing directors like Mr Bilton to argue that the IBA's control should be relaxed. Independent local radio's salvation is in its own hands now. To adopt Mr Bilton's remedy for ILR's ills would certainly result in a state of affairs far worse than ILR is currently suffering.

ILR pay and conditions sadly reflect the current malaise in that sector of the industry: when ILR achieves its appropriate share of advertising income it may then be in a position to negotiate realistic and fair wages with the unions. Thankfully Mr Bilton's attitudes and values are not shared by the vast majority of his managing director colleagues.

Brian Marsh
181-185 Wardour Street, W1

Data protection fee

From the Registrar, Data Protection Registrar

Sir,—I am writing in response to the letter from Mr M. W. Libra ("Data protection fee," May 17) who complains about "the extraordinary decision of the Data Protection Registrar" with regard to the position of pension fund trustees under the Data Protection Act 1984.

I have agreed a position paper on pensions with associations representing the pensions industry. While the situation will have to be considered by each pension fund in the light of the use of fund information by employers and pensions fund administrators, the position can be summarised as follows:

Even if pension fund trustees are data users under the Data Protection Act 1984 they should be able to claim an exemption from the Act under Section 32 where there is a small number of members in the scheme. They will need to discuss this with their pension fund administrators.

Trustees of pensions schemes with large numbers of members may find it less easy to meet the terms of the exemption and may have to register under the Act. Again they should check with their pension fund administrators.

Where trustees have to register, they may do so as a group (eg the trustees of XYZ pension fund) and pay one fee of £22 for a three-year registration. Individual trustees do not have to register separately.

Unfortunately one or two insurance companies have sent out advice which conflicts with this agreed position. We have contacted these organisations to put matters right but it is possible that Mr Libra may have been misled in this way.

This information is given in simplified terms, there are many complex variations in the way pensions are provided, but I hope it will be helpful to your readers.

E. J. Howe.
*Springfield House,
Water Lane,
Wilmslow, Cheshire.*

FINANCIAL TIMES
Wednesday May 28 1986

Terry Dodsworth on why a return to profit has not materialised

US steel industry still showing fatigue

US STEEL industry executives had hoped this would be the year that they would be able to gather at their annual conference in New York and congratulate themselves on a long-awaited return to profitability.

But it was not to be. Despite import controls, a falling dollar and an economy growing at around 3 per cent a year, American steel companies are still in full-scale retreat, desperately trying to stem their continuing financial haemorrhage.

Demand for domestically made US steel has slipped in recent years for a number of reasons. One is the steady move away from steel to plastics and other composites as a base material in manufacturing industry – a trend most sharply seen in the car industry, with its smaller and lighter vehicles.

An equally intransigent problem has been the drift towards offshore manufacturing by many of the American steel industry's traditional customers, as they have sought to take advantage of lower-cost overseas production and importers have continued to batter away in the US, raising their stake from about 14 per cent of the market 10 years ago to 25 per cent today.

In face of these challenges, the US steel companies have embarked on a wrenching policy of change. Among the results of these retrenchment policies are:

- A reduction of 20 per cent in the average cost per ton of carbon steel since 1982.
- A cut of 32 per cent from 10.1 factory man-hours to 6.9 man-hours in *the time involved in the production* of a ton of steel over the last four years.
- A 40 per cent decline to 171,000 in the number of hourly paid employees engaged in the industry since the end of 1981.
- A cut in hourly wage costs from $23.8 an hour in 1982 to $21.3 an hour last year.
- A significant reduction in inventories and a radical improvement in the employment of assets, so that capital in the industry now generates 25 per cent more in sales value than in 1982.
- Capacity reductions from almost 160m tons a year to just under 130m *tons.*
- An increase in the amount of continuously cast steel – a measure of the quality of the industry's physical plant – from 11 per cent in 1976 to well over 50 per cent today.

Steel industry executives generally place the blame for the persistence of losses in the face of this extensive rationalisation on the continuing strength of imports.

Theoretically, imports ought to have declined substantially from their peak of a couple of years ago to closer to the 18.5 per cent of the US market set by President Ronald Reagan when he agreed to negotiate a series of bilateral quota agreements with overseas steel manufacturing countries about 18 months ago. But while many of the agreements have been signed, imports continue to flood through the loopholes that remain.

Bethlehem Steel, the third largest US steel manufacturer, is proposing wage and benefit cuts of almost $2 an hour in a new contract for *its 30,000 manual* employees. Page 10

While the loss of market share to imports is serious enough for US manufacturers, the depressing impact on prices is even more damaging.

Only one executive at the *American Iron and Steel Institute* (AISI) meeting was able to give any indication of a firming in prices in the last 12 months, and that was for a very limited specialist market. Efforts by the large US manufacturers to push through increases in recent months have been swiftly followed by embarrassing admissions of failure.

"An alloy steel bar used in the forging industry sells for about 30 per cent less (today) than it did in 1981," said Mr Joseph Toot, president of Timken.

Even the fall in the dollar, which began 15 months ago, appears to have had no effect as yet on importers' ability to undercut their US rivals – and economists are not clear when, or if, the terms of trade will *turn decisively against the overseas* suppliers. One problem for the US producers on this score is the fact that some of the main exporting countries, such as South Korea, have currencies that are closely aligned to the dollar, so that their ability to compete has scarcely changed at all.

What can the US manufacturers do in the face of these continuing pressures?

First, there will be a continuing assault on manufacturing costs through new labour agreements and further streamlining. The current wage round in the industry is likely to produce a further reduc*tion in pay rates, with differentials* growing up between plants in different sectors of the industry depending on their profitability. At the same time, it is likely to create more experiments in worker participation, an essential ingredient, many companies feel.

More capacity will be cut – Dr Robert Boni, chairman of Armco, said at the AISI meeting that 30m tons of excess domestic steelmaking capacity "must be eliminated if we are to balance supply and demand over the next five years."

Second, the industry is expected to launch a whole new raft of initiatives aimed at pooling some production resources, undertaking joint research and development and combining offshore crude steelmaking *capacity with domestic finishing* activities.

All of these strategies, which were once thought impossible because of anti-trust considerations, have been tried over the last year or so. US Steel, for example, is now using a South Korean supplier to ship in unfinished steel for one of its finishing operations while US Steel and Ford have gone into joint ownership of an electrogalvinising facility.

Third, the diversification trend marked the initial attempts of the steel companies to fend off their basic problems is likely to decline, largely because many groups can *scarcely afford to embark on these* policies any more. This problem was demonstrated at Bethlehem Steel recently when it was forced to sell a steel stockholding business that it had acquired only a few months previously because it did not have the resources to develop to the necessary size in the sector.

The Bethlehem example serves to underscore the biggest challenge facing the American steel industry – the critical shortage of cash at a time when it needs deep pockets for the necessary investment in modernisation.

Dutch group to buy US insurer

By Our Financial Staff

AEGON, the Dutch insurance group, agreed yesterday to buy Monumental Corporation, a Baltimore-based insurer, for $364m, or $56 a share.

Aegon has also received an option to buy unissued Monumental shares for $50 a share in cash. The options, when issued, will represent about 9.9 per cent of the 6.5m outstanding shares of Monumental.

Mr *Leslie* Disharoon, Monumental chairman, and Mr Harvey Meyerhoff, a director, also granted options to sell 905,000 shares to Aegon for $56 a share.

The merger is subject to approval by state insurance regulators. Monumental will continue as an autonomous unit, according to the merger agreement announced yesterday. Its revenues exceeded $245m in 1985 with after-tax operating earnings of more than $19m. *It* operates in the life, health and credit insurance sectors and has assets of more than $1bn.

Aegon, with assets of more than $13bn, earned the equivalent of *$111m in 1985. About 40 per cent of* its total group revenues of $3.1bn came from its existing US interests, which include Life Investors, based in Cedar Rapids, Iowa, and National Old Line Insurance of Little Rock, Arkansas.

Labour markets 'need more flexibility'

BY GEORGE GRAHAM IN LONDON

PROPOSALS for introducing greater flexibility into the labour market to help to reduce unemployment in the industrialised countries have been put forward by a high-ranking committee set up by the Organisation for Economic Co-operation and Development (OECD).

The committee's suggestions include a cut in payroll taxes on labour, better transferability of pensions, reductions in working hours, and improvements in education and retraining of workers.

Flexibility in wages is less likely to be effective in producing a better economic performance than better training and measures to help workers to move from one job to another, concludes the committee, set up in October under the chairmanship of Professor Ralf Dahrendorf of the University of Konstanz.

International measures to overcome the current sluggish demand growth and high real interest rates are also needed, the committee says.

"Labour market flexibility is not a panacea for all social and economic ills," the committee reports. "It is but one – and not the most important – factor affecting economic and social progress."

The committee has shied away from a specific package of recommendations, because of the wide *variations in labour-market conditions* in the different OECD countries. But it has suggested a number of options for improving flexibility.

Moderation of wage increases is the first requirement, the report says. "Unless real labour costs remain somewhat below productivity inceases, there is little room for manoeuvre for other forms of flexibility."

Payroll labour taxes such as national-insurance contributions need to be cut, and the committee recommends that some countries should raise petrol taxes in the wake of the fall in oil prices in order to finance those cuts.

Further reductions in working time are needed, including in the short-term overtime curtailments and early-retirement arrange*ments, and in the medium term* possibly a cut in the total hours worked. That needs to be combined with greater flexibility in the use of the remaining working hours.

Mobility is crucial to a more flexible labour market, the report says, and it singles out Europe as suffering from the problem. In Japan, workers tend to change function within the same company, while in the US they would tend to migrate to a different area with better job prospects. In Europe, neither of those takes place.

"Urgent action is needed with respect to the transferability of pensions, the opening-up of housing markets and the abolition of counterproductive subsidies, as well as with respect to educating and training young people for moving within countries and across frontiers," the comittee says.

Education priorities need to be reassessed, with provision not only for initial training but for retaining during a working life and for education for leisure.

Labour market flecibility: OECD, 2 rue André-Pascal, 75775 Paris CEDEX 16.

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Morgan Grenfell to sell 21% of shares

BY DAVID LASCELLES IN LONDON

INVESTORS will have a chance to bid for 21 per cent of the shares of Morgan Grenfell, the British-based merchant bank, which is about to seek a listing on the London Stock Exchange. The sale will probably take place in late June.

In a letter to its existing private shareholders detailing listing plans *first announced two weeks ago,* Lord Catto, Morgan's chairman, says the group expects to sell 32m new shares. That will be after a one-for-one capitalisation issue that will double the number of existing shares and bring Morgan's total shares issued to 150.5m.

The capitalisation issue is intended to halve the value of Morgan's shares, which currently trade around £8 each, and to make them more readily tradable by the public. Lord Catto did not discuss the pricing of the issue, but London analysts believe the listing will enable Morgan to raise about £150m and achieve a market valuation of about £750m ($1.12bn).

At the moment, the shares value Morgan at around £450m. But Morgan would expect them to attract a premium in the open market.

In the letter, which was sent to shareholders on May 23 and released yesterday, Lord Catto said that the offer of the new shares could either be undertaken by way of tender or at a fixed price. But Morgan expected to use the tender route in order to enable the stock market to put its own valuation on the group.

The striking price will be determined by Cazenove, the stockbrokers, taking into account both the bids, and the need to achieve a satisfactory market for the shares and "an appropriate spread and profile of shareholders."

*Morgan's existing large share*holders will be bound not to sell their shares until Morgan has produced its interim results in October. Those include Willis Faber, the financial services group, which holds 23 per cent, the Prudential Assurance Company with 9 per cent, and Deutsche Bank with just under 5 per cent, as well employees, directors and their families.

Willis Faber said yesterday that it expected to hold its interest around 21 per cent after the share offer. Other large shareholders have not yet publicly indicated their intentions, but are expected to "top up" in order to preserve their stakes.

Shareholders will vote on the proposals at an extraordinary meeting on June 17. They will also have to approve a change of name to Morgan Grenfell Group plc.

Morgan will be disclosing new information about itself in connection with the offer, although at this stage it is not clear how much. In the past, Morgan's level of disclosure has been low, even by the secretive standards of UK merchant banks.

Accord near on US futures capital rules

BY ALEXANDER NICOLL IN LONDON

US FUTURES exchanges appear to have won a battle with their regulator, the Commodity Futures Trading Commission (CFTC), on proposals for tighter capital requirements, which had threatened to put many broking member firms out of business.

The exchanges, led by the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME) marshalled their considerable lobbying weight in Congress when the CFTC published its plans last year in response to the collapse *of a New York firm trading in gold* options.

Although the CFTC suggested no change in the existing requirement, it proposed drastic changes in the way the figure should be calculated. The exchanges were outraged and said a third of their members might be forced to cease trading. The CBOT formed a $1m legal defence fund.

Their concerns have been alleviated, however, by the CFTC's apparently favourable response to the exchanges' own alternative proposals. Instead of directly countering the CFTC plans, the exchanges themselves suggested radical changes in methods of calculating capital. That was an attempt to solve the dispute in a face-saving way, particularly as the CFTC is itself seeking a new mandate from Congress this year.

The alternative plans were intended to link capital requirements more closely to the risks associated with positions held by firms' clients. The rule would also better reflect the risks of options, which were not actively traded when the present rules were written.

Although many details remain to be settled over the next few months, officials of the two exchanges say the CFTC has accepted the basic principle of a risk rule.

The CFTC declined to comment on its response. But Mr John Kinsella, chairman of a CBOT commit*tee overseeing financial instru*ments, said during a visit to Singapore: "We were very happy with the CFTC's reaction, because we were concerned that it was too large a rewrite." The CBOT no longer felt under threat, he said.

Mr Barry Lind, chairman of the futures firm Lind Waldock and of a CME subcommittee, said the CME's plan would increase capital requirements – although not the amount of new capital that would in practice need to be raised – by about 35 per cent. A firm not able to meet the proposed rule should not be trading, he said..

Mr Kinsella said: "We felt it was a death fight. Our membership was *prepared to do* whatever was possible. We were elated that the CFTC, when presented with our proposals, showed a great spirit of co-operation."

Feature, Page 33

Paris bourse halts decline

Continued from Page 1

nancial holding company, retreated FFr 117 to FFr 1,078.

The banking and food sectors, both of which suffered heavily in the previous session, experienced strong rallies, although many foreign listed stocks, which resisted Monday's plunge, turned lower yesterday.

Electricals were also firm, while Peugeot in the car sector jumped FFr 53 to FFr 925 amid redundancies among its white-collar staff.

Brokers said the reappearance of foreign institutions, whose unloading of shares precipitated the slide *last week, had been the watershed.* The market turned calm after initial fears that US and UK investors – absent on Monday because of market holidays – would return with heavy selling programmes.

World Weather

		°C	°F
Ajaccio	F	25	77
Algiers	S	27	81
Amsterdam	C	15	59
Athens	S	28	82
Bahrain	S	42	108
Bangkok	S	35	95
Barcelona	S	24	75
Beirut	S	23	77
Belfast	C	9	48
Belgrade	F	25	77
Berlin	S	25	77
Biarritz	F	18	64
Bombay	—	—	—
Bordeaux	F	20	68
Brussels	S	20	68
Budapest	—	—	—
B. Aires	S	18	64
Cairo	S	30	86
Cape Town	C	23	73
Caracas	R	27	81
Casablanca	F	22	72
Chicago	C	18	64
Cologne	R	21	70
Copenhagen	S	15	59
Corfu	S	28	82
Dallas	—	—	—
Dublin	R	11	52

		°C	°F
Dubrovnik	S	25	77
Edinburgh	R	10	50
Faro	S	23	73
Florence	S	30	86
Frankfurt	F	25	77
Funchal	S	20	68
Geneva	F	24	75
Gibraltar	S	22	72
Glasgow	C	11	52
Guernsey	F	12	54
Helsinki	S	15	59
H Kong	F	29	84
Innsbruck	S	26	79
Inverness	C	11	52
Islamabad	S	35	95
Istanbul	S	23	73
Jakarta	C	32	90
Jersey	F	13	55
Jo'burg	S	20	68
Lima	S	23	73
Lisbon	S	24	75
London	F	16	61
Los Angeles	S	26	79
Luxembourg	C	18	64
Madrid	S	26	79
Majorca	S	30	86
Malaga	S	24	75

		°C	°F
Malta	—	—	—
Manchester	C	12	54
Manila	—	—	—
Melbourne	F	16	61
Mexico City	S	24	75
Miami	C	29	84
Milan	—	—	—
Montreal	C	26	79
Moscow	F	22	72
Munich	S	25	77
Nairobi	—	—	—
Naples	S	27	81
Nassau	S	30	86
New Delhi	F	27	81
New York	C	25	77
Nice	F	25	77
Nicosia	S	30	86
Oporto	S	20	68
Oslo	F	14	57
Paris	F	21	70
Peking	S	27	81
Prague	S	27	81
Reykjavik	F	10	50

		°C	°F
Rhodes	S	26	79
Rio de J'o	C	30	86
Rome	S	25	77
Salzburg	S	29	84
San Francisco	S	20	68
Seoul	S	25	77
Singapore	F	29	84
Stockholm	F	17	63
Strasbourg	T	24	75
Sydney	S	20	68
Taipei	C	28	82
Tangier	S	27	81
Tel Aviv	S	27	81
Tenerife	S	26	79
Tokyo	S	22	72
Toronto	C	25	77
Tunis	S	27	81
Valencia	S	25	77
Venice	S	25	77
Vienna	S	26	79
Warsaw	S	27	81
Washington	C	17	63
Zurich	F	20	68

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

US angers allies as conference fails

Continued from Page 1

Secretary of State, for Washington to change its mind.

Mr Genscher's telephone call from Ankara, where he was on an official visit, was an indication of the importance attached by Bonn to an improvement in human contacts between East and West, and essential element of its whole relationship with East Germany.

"We would gladly have taken home the document drafted here," Mr Ekkehard Eickhoff, the West German delegate, said yesterday.

The German disappointment was clearly shared by other Western delegations. Even Sir Anthony Williams, the British delegate, found it difficult to support the US position in anything but lukewarm terms.

Although he said Britain had supported the document reluctantly, the American assessment had been even more pessimistic. "We can only respect their views."

But Sir Anthony also had some hard words for the East bloc countries, which he said had failed over the years to comply with the 1975 Helsinki accords, particularly the section dealing with human rights.

The US is now expected to make a special effort to heal the rift with its allies before a general review of the Helsinki accords, due in Vienna at the beginning of November.

US threat on Salt 2 curbs

Continued from Page 1

the 1972 Anti-Ballistic Missile (ABM) treaty and the first strategic arms limitiation treaty (Salt 1).

The US had raised the violations with Moscow in the joint consultative commission in Geneva, designed to monitor the treaty, but to no avail.

Mr Speakes re-emphasised Mr Reagan's "highest commitment" to arms control, and said there would be "no appreciable numerical growth in US strategic offensive forces." However, with apparently no end in sight to Soviet violations of Salt 2, the time had come to look to the future, to a new arms control structure.

THE LEX COLUMN

Dance of the six veils

Like the Stock Exchange computer which woke up sweating in the basement yesterday morning and had to take an hour off to recover, the market found its return from the long holiday weekend was all rather a struggle. Equities drifted and the offer of a cut-price tap encouraged gilt-edged to do likewise.

Morgan Grenfell

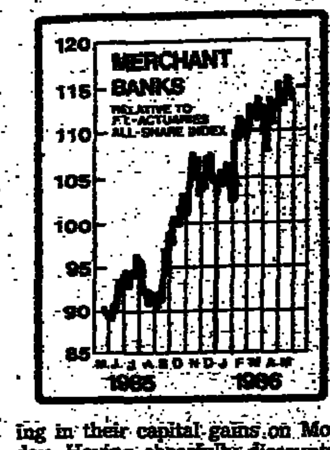
Like its distant cousin Morgan Stanley, Morgan Grenfell has timed its stockmarket launch almost perfectly, though it would be difficult for the British issue to beat the euphoric reception accorded the US branch of the family. Barring a sudden tumble in share prices, Morgan Grenfell is hoping to raise close to £150m through a tender offer of 32m shares, suggesting a striking price of 450p or so, equivalent to 900p in the present pre-scrip form. That looks an ambitious premium to the latest trade at 750p, but merchant banking is a very profitable business this year. Whether the boom in markets and takeover activity seen thus far will continue is something for Morgan to worry about afterwards.

On historic disclosed earnings a 450p price gives a p/e ratio of nearly 16, well above the sector average of around 13. What Morgan will reveal in the way of undisclosed earnings and reserves is anyone's guess, though some estimates suggest a 20 per cent underdisclosure. Morgan ought to include in the prospectus a forecast of profits for the six months to June and those profits should be sharply higher again. Something must also be done about the slim dividend, one of the less pleasant aspects of going public.

Willis Faber will need to buy something over 4m of the new style shares to keep a 21 per cent stake in Morgan, at a cost of £18m on the 450p assumption. That is a trifle to Willis and once Morgan's shares are listed the holding can be entered in Willis's accounts at a market value of around £140m at 450p. In the last balance sheet the Morgan holding was included in associates valued at a mere £56.8m.

France

Investors in French equities have been fed such depressing news from their new political masters that they must be forgiven for cashing in their capital gains on Monday. Having cheerfully discounted the fruits of conservative government, the market is now being told the tree is rotten from socialist husbandry: and yesterday morning's recovery merely flushed out the laggard seller and left the index less than half a per cent better.



Mr Chirac's men may have been too enthusiastic in rattling the socialist skeletons but it is all too tempting with so formidable a live socialist in the Elysée. However, any hint of political paralysis will make the market unwilling to look beyond this year's good earnings figures, and even a sealed-down programme of privatisation will appear a drain, not an opportunity.

Whatever the poor April trade figures mean, the devaluation was too small to do much for competitiveness with D-Mark exporters, and German and French inflation rates are as likely to diverge as at any time in the past. The cost structure of the French clearing banks may inhibit the downward trend in interest rates. Anglo-Saxon institutions, which are straightlaced about political cohabitation, are already wondering whether the Netherlands might not offer a more respectable home for German or Italian-style growth.

The government, as opposed to Mr Mitterrand, can at least take comfort that the market has fallen only after some fancily priced issues of non-voting stock, not at the outset of denationalisation.

Burroughs/Sperry

It is hard indeed to see what has changed since Burroughs offered around $65 a share for Sperry last year, other than the price, which has by painful degrees inched its way to $76.50 and a total value of nearly $4½bn. Agreement at that level may perhaps secure the future of Sperry management, but the industrial arguments for the merger remain as thin as ever. Burroughs' determination to get the deal done could be taken as a measure of its confidence in the combined group – or of a less flattering self-appraisal.

The unresolved problem of merging any two companies from the so-called bunch is that the cost of rationalising their product offerings to exploit the joint user base is likely to outweigh the benefits. If the task is not attempted, however, there seem to be no benefits at all beyond elimination of a few overheads. There is a risk that once Sperry (or Burroughs) users are deprived of continuity, they will regard the new company as just one more unknown quantity and decide to take refuge in the comforting bulk of IBM.

Aitken Hume

The strange case of Tranwood vs Aitken Hume already features some of the stock characters of a City of London mystery play: a shell company bidder, US arbitrageurs, Saudi money, and the peripheral attentions of Mr Jack Hayward. It also seems to be playing one of the market's more catchy recent tunes, the offer to inject new management in return for a slice of the company. But in this instance, two meetings between the leading characters, held at the request of the Tranwood camp, appear to have been marked by a complete absence of proposals for the future development of Aitken Hume by the aggressor.

The standard shell company tactic – demanding a wholesale removal of bad old management – has been rendered less potent since Aitken has recently purged those members of the board deemed to have offended the City's sensibilities. Tranwood was naive if it thought that Aitken would open its books and provide the material for an educated dismemberment. Hambros now has a week to come up with an offer document to show that in return for giving up 10 per cent of their company shareholders will be getting more than 90 per cent of a tights company which made £180,000 last year, and Mr Nick Oppenheim.

FINANCIAL TIMES

Wednesday May 28 1986

Sperry accepts revised offer from Burroughs

BY PAUL TAYLOR IN NEW YORK

BURROUGHS, the Detroit-based computer group, yesterday formally sweetened its takeover bid for rival Sperry by offering $76.50 a share in cash and paper, or a total of about $4.44bn, for the New York-based computer and defence electronics group.

Sperry last night agreed to the new offer.

The company, battling for three weeks to win control of Sperry in order to create a larger mainframe computer group more able to compete with the market leader, IBM, said yesterday that it was willing to raise its existing and rebuffed $70 a share merger proposal.

Last week Sperry let lapse an earlier sweetened offer of $75 a share after negotiations between the two computer makers collapsed. Sperry had no immediate response to the higher offer, which came after merger talks involving the two group's financial advisers resumed.

Yesterday Sperry's shares, after being suspended on the New York Stock Exchange, jumped $1 to $71⅛, while Burroughs' stock slipped by $⅛ to $59⅞.

Under the terms of the revised Burroughs proposal, the Detroit group offered to raise the overall value of its bid, but proposed to leave the cash element in the offer virtually unchanged by reducing the number of shares it is seeking through a cash tender offer from 33m to 31m – just sufficient to give it majority control of Sperry.

Burroughs said that under its new proposal it would pay $76.50 a share in cash for the 31m shares and complete the two-step merger by swapping its 9⅞ per cent subordinated debentures and convertible preferred stock for Sperry's remaining stock with the same value.

The new offer would cost Burroughs $2.371bn in cash compared to $2.31bn under the original proposal. It was at first unclear yesterday whether Sperry's board would endorse the new offer. Sperry's management had been pushing for a merger valued at around $80 a share, a price Burroughs had earlier rejected as too high.

Marley plans $93m US acquisition

By Lionel Barber in London

MARLEY, the UK tiles and bricks manufacturer, yesterday announced a proposed $93.9m cash acquisition in the US aimed at strengthening its core building products business.

Marley said it had signed an agreement with the board of General Shale Products of Johnson City, Tennessee, to make a tender offer for the company at $30 a share.

The proposed deal highlights Marley's recent rapid restructuring following a 41 per cent drop in pretax profits to £19.56m ($29.1m) for the year ending last December.

During March, it sold its DIY subsidiary, Payless, for £93m cash. Last month, it clinched a £54m takeover of Thermalite, the concrete block maker, trumping an earlier £44m agreed bid by Tarmac, the housebuilding and civil engineering group.

General Shale ranks among the three largest US manufacturers of facing bricks which are treated in kilns to give them a distinctive colouring such as Chicago greys. It has 12 plants with a capacity of 660m bricks a year and a further nine producing concrete blocks, masonry and lightweight aggregate.

For the year to December 1985, General Shale made $11.5m on $82.6m sales. The book value of the net tangible assets at the same date was $41.8m and net borrowings were $900,000. For the first quarter of 1986, the US group reported pretax profits of $1.8m on $17.9m.

The directors of General Shale have committed to tender about 20 per cent of the company's current issued share capital. It has also granted Marley an option to acquire a further 2.83 million authorised but previously unissued shares at $30 a share.

This option is exercisable if there is a competing offer for General Shale. If it were exercised, Marley, together with the General Shale shares already pledged, would hold about 58 per cent of the enlarged share capital.

Marley already has two US joint ventures operating roof-tile plants in California. Last December it sold its Chicago-based plastics housewares divisions for about $25m.

Trading in Fermenta shares suspended

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

FERMENTA, the Swedish biotechnology group, had trading in its shares suspended until further notice yesterday by the Stockholm Stock Exchange authorities.

The board of the stock exchange is to meet tomorrow to decide on disciplinary measures against Fermenta for its failure to provide adequate financial information in line with its listing agreement with the bourse.

The trading halt followed the publication of a report in the Swedish press yesterday suggesting that Fermenta could risk suspension from the stock exchange for its alleged breach of bourse rules.

The main disciplinary measures available to the stock exchange are to issue a warning, impose a fine, or, in the most serious cases, to order the offending company to be struck off the stock exchange list.

The threat of disciplinary action is the latest blow to Fermenta, which was plunged into serious crisis earlier this year, when it was revealed that Mr Refaat El-Sayed, the company's majority shareholder and then chief executive, had lied to investors about his academic qualifications as a microbiologist.

Fermenta had been the star performer on the Swedish stock exchange since its launch in the summer of 1984, but as a result of this year's crisis its share price was more than halved in the wake of a two-week suspension, and Mr El-Sayed was forced to step down as chief executive.

The sudden turmoil surrounding the company also led to the break-up of an ambitious co-operation deal planned with Volvo, Sweden's leading industrial corporation, under which Volvo was to take a substantial minority stake in Fermenta.

In return, Fermenta was to be given the leading role in an ambitious restructuring of the Swedish pharmaceuticals and biotechnology sector including the acquisition of control of Pharmacia and Leo/Ferrossan, the two Swedish drugs groups.

The Stockholm Stock Exchange has only once before expelled a company from the bourse. In 1983 it dropped from its list Fagersta and Kinnevik, two companies controlled by Mr Jan Stenbeck, the Swedish financier, for issuing false information in a prospectus.

Last night it appeared that some form of warning might also be issued by the stock exchange authorities tomorrow to Volvo, for its role in the Fermenta affair.

Mr El-Sayed has also been investigated by the Swedish banking inspectorate for possible offences against the country's rules on insider trading. The inspectorate said yesterday that Mr El-Sayed had failed to comply with its rules for reporting inside trades within a specified time limit, but it had still not decided what action to take. It was still waiting for extra information requested from the Fermenta board.

'Johnnies' opens mine

BY KENNETH MARSTON IN LONDON

THE awaited launching of a new R570m ($157m) South African gold mine in the Theunissen district of the Orange Free State was announced by Johannesburg Consolidated Investment ("Johnnies"). It is to be run by a new company, H. J. Joel Gold Mining.

Permanent capital for the venture is to be raised by an issue of linked units consisting of one share plus two options to subscribe for two further shares in 1987 and 1988, respectively.

The offer, whose terms have yet to be announced, will be made to "Johnnies" (45 per cent), Anglo American Corporation and associates (10 per cent) and Randfontein Estates (45 per cent). Randfontein is to pass on its entitlement in the offer to its own shareholders.

The mining lease for the newcomer has been granted over 1,301 hectares in an area adjacent to the Gencor group's Beatrix gold mine.

Ottawa urged to act over Dome

By Bernard Simon in Toronto

CONCERN that one or more of Dome Petroleum's 56 creditors may call in its loans has led to calls on the Canadian Government to intervene in tense negotiations on the future of the debt-laden Calgary oil and gas producer.

The Government in Ottawa has been asked to remind US, European and Japanese lenders of the consequences for the Alberta economy and the Canadian banking system of failure to agree on a new rescheduling plan for Dome's C$6bn (US$ 4.4bn) debt, according to banking sources.

There is considerable nervousness about Dome's future this week ahead of the expiry of a waiver from lenders on payments due up to May 29. The waiver was granted pending the outcome of negotiations on proposals made by Dome two months ago to curtail its interest and principal payments in the wake of the lower oil price.

Dome's share price slid below C$1 on the Toronto stock exchange yesterday, a drop of more than 30 per cent since last Friday. While Ottawa is keeping a close watch on the negotiations, a Finance Ministry official said yesterday that the Government "is taking a hands-off approach. Dome's financial restructuring is a private-sector matter."

A Dome official repeated earlier statements that talks with the lenders were proceeding "very well." But he said the company might ask for further waivers at the end of the week.

The negotiations have been complicated by a string of leaks and rumours suggesting that some secured creditors would prefer to put the company into receivership and liquidate its assets rather than continue with the process of debt rescheduling. One banker said yesterday that an unidentified Canadian bank "is trying to play quite hard."

The drop in the oil price has overtaken a rescheduling agreement reached in February 1985 that provided for debt payments to be stretched to the mid-1990s. Dome, which came close to collapse in 1982, lost C$72m in the first three months of this year.

The company has already pledged all its assets to lenders and had a negative net worth of C$266m at the end of last year. Dome's largest creditors are Canadian Imperial Bank of Commerce (CIBC), with an exposure of about C$1bn, and Toronto-Dominion Bank and Bank of Montreal, which are each owed about C$800m.

All three banks are far more strongly capitalised now than they were in 1982, when concern at the impact of Dome's failure prompted the Government to draw up a rescue plan for the company. The plan was superseded by last year's debt rescheduling agreement.

The Canadian banks have set aside substantial provisions for troubled Western Canadian energy loans. Bank of Montreal said last week that it would write down the value of its energy portfolio by C$200m this year. Some foreign banks with smaller exposures are understood to have written off their loans to Dome entirely.

Wella plans to pay unchanged dividend

By Jonathan Carr in Frankfurt

WELLA, the West German haircare company, proposes to pay an unchanged dividend after raising parent-company net profit in 1985 to DM 24.3m ($10.7m) from DM 20m on sales revenue up to DM 539m from DM 495m.

Holders of non-voting preference shares will receive 18 per cent and holders of the ordinary shares, in the hands of the founding family, will receive 16 per cent. Wella went public with an issue of preference stock in 1983.

The proposed dividends mean a total payout of DM 18.6m. Altogether DM 5.6m is being added to reserves, compared with DM 1.6m a year earlier, to "safeguard further growth."

Group sales revenue was up last year 8.2 per cent to DM 1.76bn, but detailed group profit results have not yet been announced.

Fixed-asset investment in the parent rose almost 80 per cent to DM 13.3m and, in the group, by 34.3 per cent to DM 57.6m.

Peugeot seeks executive job cuts at subsidiary

BY PAUL BETTS IN PARIS

AUTOMOBILES PEUGEOT, the big subsidiary of the private French Peugeot car group, is seeking to reduce its management staff by more than 10 per cent – a total of 370 jobs out of 3,472.

The company, which has already cut jobs at plants and among lower white-collar posts, has decided to tackle higher management levels in a continuing effort to improve productivity.

But, unlike the reductions among blue-collar jobs, management staff are not threatened with eventual compulsory redundancies. Instead, the company is encouraging voluntary labour flexibility schemes to resolve its management staffing problems.

Mr Jacques Calvet, the chairman of the car group which includes Automobiles Peugeot and the Citroën subsidiary, has been seeking to introduce labour flexibility schemes at all levels of the company. He is now expected to announce the return of the Peugeot group to profit after several years of heavy losses.

Automobiles Peugeot is asking managers to end voluntarily their working contract with the company, which will treat the decision as a compulsory redundancy. Managers will then be eligible for all unemployment compensation and benefits for compulsory redundancies.

The car company is also encouraging managers to take unpaid leave for at least a year but with the guarantee of a similar job on returning to the company.

Automobiles Peugeot is also keen to promote part-time work for managers under the age of 59. For managers under 55, the company is offering a financial incentive of two months' salary to encourage them to work part-time.

The Peugeot subsidiary emphasised there would be no compulsory job cuts if the target of reducing 370 management posts is not achieved. The car group also said the proposals did not extend to its Citroën subsidiary.

S-E Banken boosted by lower interest rates

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SKANDINAVISKA Enskilda Banken, the leading Swedish bank, increased its operating profits by 62 per cent in the first four months of the year, helped by falling interest rates and booming activity on the Stockholm stock market.

Operating profits in the first four months totalled SKr 1.298bn ($179m), a jump of SKr 495m on the same period last year.

Net interest earnings increased by close to 30 per cent to SKr 1.295bn despite a fall of 9 per cent in volume, which chiefly reflected a cut in the bank's holdings of state bonds.

Commission and other earnings also jumped by close to 30 per cent to SKr 1.566bn. S-E Banken has reclaimed the market share it lost in 1984 and 1985 in equities trading, and has boosted earnings this year in foreign exchange and bond trading.

Interest margins improved sharply as a result of the lower funding costs allowed by the fall in interest rates.

Interest-rate levels were 1.5-2 percentage points lower in the first four months of 1986 than the average for 1985, and S-E Banken forecast that profits for the rest of the year might continue to increase at the present rate as long as interest rates did not rise.

Part of the group's improved profits are also explained by capital gains made through the selling off of a significant portion of the bank's heavy bond portfolio, and the bank is continuing to enjoy high profit levels on its bond trading operations.

Profits at S-E Banken's subsidiaries have also improved strongly this year with a jump in earnings of 80 per cent from foreign subsidiaries and of 40 per cent from domestic subsidiaries.

The bank announced yesterday that it was to buy out the 30 per cent of equity it does not already hold in Enskilda Securities, its London-based investment banking subsidiary.

It is paying some £11.3m ($17m) to a group of some 15 senior executives in Enskilda Securities, who hold the 30 per cent stake.

Enskilda was formed in the summer of 1982, when S-E Banken recruited a number of London investment bankers from other institutions, including five bankers from Hambros.

Mr Jakob Palmstierna, a managing director of the parent bank in Stockholm, said that all key personnel had agreed to remain with the bank, even after they have sold their equity stake.

Enskilda will probably need an injection of fresh capital next year, and it is also believed that the bank can be more easily integrated into S-E Banken's international network if it is wholly owned.

Preussag tumbles to loss at year-end

By David Brown in Frankfurt

PREUSSAG, the West German metals, energy and transport concern, tumbled into deficit after the collapse of the tin market late last year, amid generally weak metals prices and the decline of the dollar.

The group fell from a net profit of DM 154.5m ($68m) in 1984 to a loss of DM 13.1m last year. However, a dividend of DM 8 a share, down DM 1, has been proposed.

Mr Gunther Sassmannshausen, the managing director, declined to make a forecast for 1986, but indicated that it was unclear whether Preussag would be able to manage a return to profit this year.

Worldwide turnover declined from DM 13.73bn to DM 11.97bn in 1985. The sharpest drop came in the London-based Amalgamated Metal Corporation (AMC), which reported considerable losses after the resumption of trading in the tin crisis.

The unit was also forced to write down the value of its tin stocks. Turnover fell from DM 8.72bn to DM 7.23bn.

The metals units, also badly battered by lower zinc and lead prices, saw worldwide turnover drop by DM 577m to DM 1.11bn. Preussag was forced to cut output or close several production facilities.

Although affected by metals interests, the domestic operations of the Preussag group succeeded in limiting the decline in sales and earnings. Turnover dropped DM 331m to DM 4.36bn, and the net profit fell from DM 122.2m to DM 77.9m.

All other divisions, including coal, oil, chemicals and transport, were able to post strong improvements in turnover and results.

Preussag parent-company earnings fell from DM 103m to DM 65m, on DM 236m lower turnover of DM 2.55bn.

Leroy Somer sells pump subsidiary

By David Housego in Paris

LEROY-SOMER, the leading French manufacturer of small and medium-sized motors, has sold Pompes Guinard, its financially troubled pump subsidiary, to a West German group.

The sale to KSB (Klein Schanzlin und Becker) comes after Pompes Guinard suffered losses on its Italian and Spanish operations. Leroy-Somer will realise FFr 160m ($22m) net on the sale. At the same time it will increase its penetration in the German market through an agreement with KSB.

Leroy-Somer decided to sell rather than inject fresh funds into Pompes Guinard, which it acquired in 1972. The disposal means the group will now concentrate more on its mainline motor activities.

Three years ago Leroy-Somer – which is one of Europe's major manufacturers of small-scale motors after Asea of Sweden and Siemens of West Germany – expanded in the US market with the purchase of King Bearing, a California-based distributor of transmission equipment, motors and gears.

Assicurazioni Generali earnings increase 49%

BY ALAN FRIEDMAN IN MILAN

ASSICURAZIONI GENERALI, the largest Italian insurance company whose shares are the most actively traded on the Milan bourse, yesterday revealed a 49.4 per cent increase in the 1985 net profit of its parent company to L172.1bn ($109.6m).

Generali said yesterday that of the L172.1bn of net income, some L98bn came from the life business while L74.1bn stemmed from accident insurance. Generali is proposing a dividend payout of L600 per share, which is a fifth higher on the 1984 dividend. The company is also proposing a two-for-five scrip issue.

The Trieste-based Generali said its consolidated group premium income rose by 15 per cent last year to total L8,195.4bn. This total, including premiums from 48 subsidiaries, makes Generali one of Europe's top five insurers, according to the company.

Some 70 per cent of Generali premiums come from outside Italy, with the biggest non-Italian markets being Austria (L1,222bn of premiums), France (L1,158bn), West Germany (L901bn) and the UK (L241bn).

Generali, perhaps more than most companies on the currently booming Italian stockmarket, has enjoyed the fruits of what has now become a euphoric investing spree. The company's shares closed L1,750 lower last night at L166,900, but the bourse was quiet yesterday.

A notable feature of Generali shares is that 12 months ago the price stood at L47,800, which means that any investors who have held Generali for the past year have more than trebled their money. Stockbrokers in Milan, calculating Generali's price/earnings ratio, say that shares in the insurer are now trading at between 75 and 85 times earnings.

US banks hope for $439m merger

BY PAUL TAYLOR IN NEW YORK

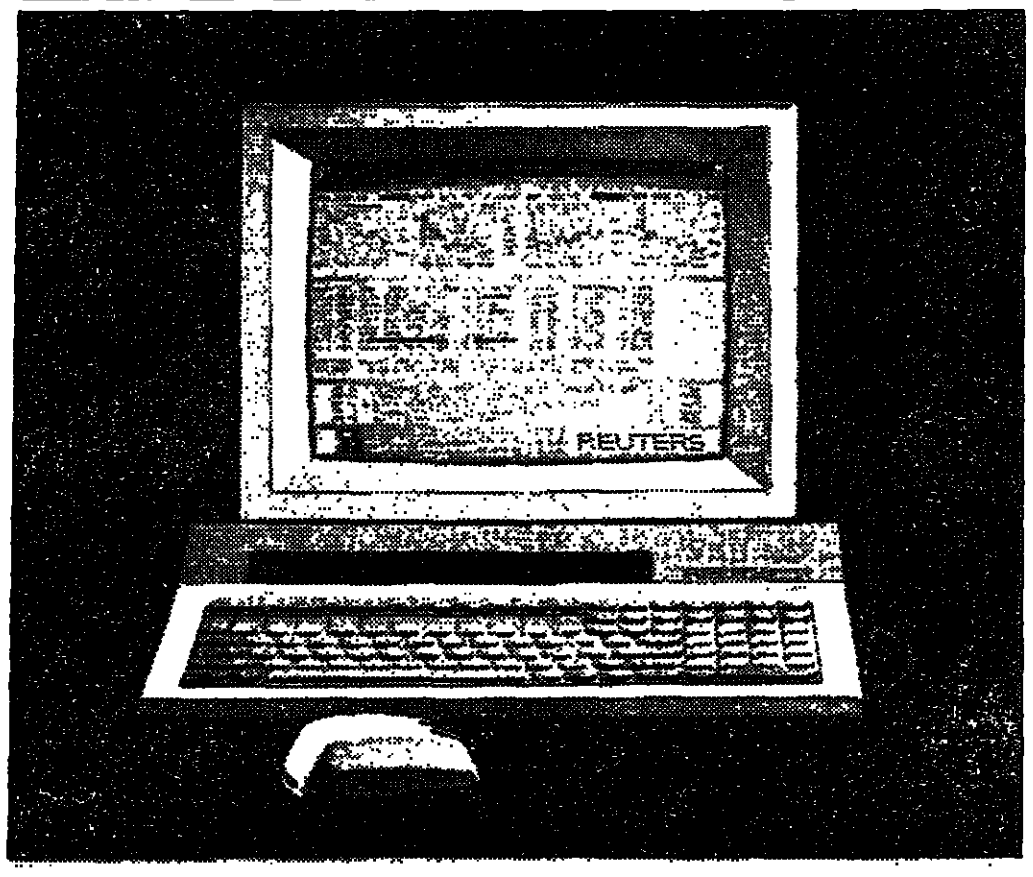
CORESTATES FINANCIAL, the Philadelphia-based bank holding company, has agreed to acquire New Jersey National, the third largest New Jersey banking group, when Pennsylvania and New Jersey banking law permits, in a share swap deal worth about $439m.

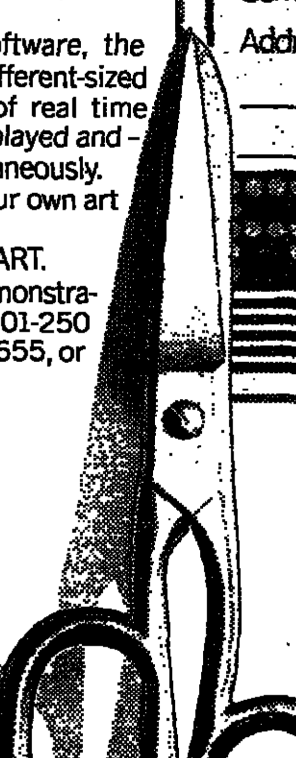
The definitive agreement highlights the growing impact of interstate banking legislation in the mid-Atlantic region which has helped send New Jersey bank stock prices soaring. Among other recently announced deals, Chemical New York agreed earlier this year to acquire New Jersey-based Horizon Bancorp when legislation permits.

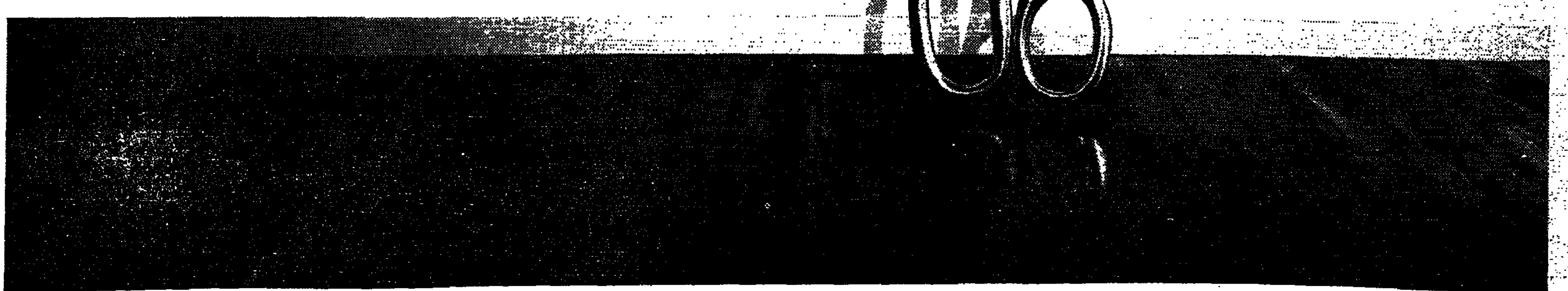
Corestates, the 38th largest US banking group and the third largest in Pennsylvania, said the deal would be completed "when such a merger becomes permissible under Pennsylvania and New Jersey law."

New Jersey recently signed a reciprocal interstate banking law and similar legislation is expected to be passed in Pennsylvania later this year.

New Jersey National, based in Pennington, has $2.05bn in year-end assets. Corestates, ranked by analysts as one of the strongest and most conservatively managed regional banking groups, has assets of about $11.3bn







INTL. COMPANIES & FINANCE

Computervision may look at sale of Medusa software unit

BY PETER MARSH

COMPUTERVISION, a US specialist in computer-aided design and manufacturing, is keeping analysts guessing over whether it plans to sell Cambridge Interactive Systems (CIS), its UK subsidiary. The US company is emerging from severe financial problems and has had cool relations with its offshoot for some time.

Based in Bedford, Massachusetts, Computervision is a pioneer in computerised design and manufacturing (often called CAD/CAM), a business dominated by US concerns.

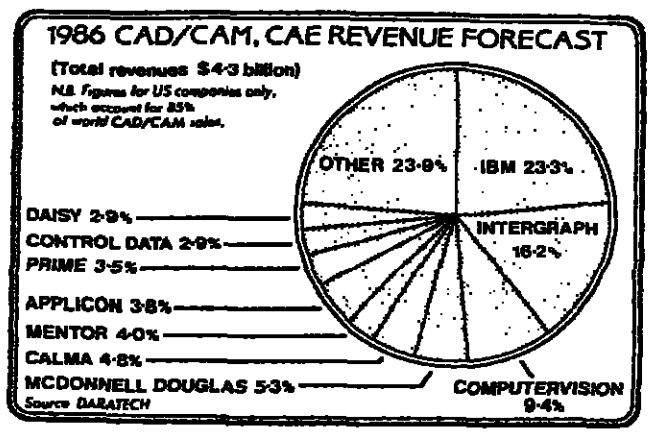
Disposal of CIS, regarded as having an outstanding software development team, could raise much needed cash for the parent should the latter fail to maintain its planned recovery over the next 12 months.

The group's business has suffered sagging fortunes in the past three years, during which it lost to IBM its position as the leading supplier of CAD/CAM equipment. World sales in this market should reach $5bn this year and are growing at 20-25 per cent annually, according to Daratech, a Massachusetts market-research company.

Mr Charles Foundyller, president of Daratech, said that CIS could be sold shortly. He bases this view on the possibility of Computervision needing the money and its decision to set up a separate marketing team in the US to sell the Medusa software product made by the UK subsidiary. Divestment of the UK offshoot could generate $50m to $70m, according to other analysts.

The new marketing division will trade under CIS Inc and will be based in Chicago. It is expected to lead to greater sales of Medusa and could put CIS in good shape for a sale.

The Chicago group, comprising about 50 people, will be separate from the rest of Computervision's marketing force. This will remain responsible for selling CADDS, the company's best selling software product which appears to many observers, to be in competition with the CIS product.



Computervision strongly denied that it planned to sell CIS. Mr Bob Gable, president, said that sales of the Medusa program had been a success and CIS was an important part of the group.

Ms Laura Conigliaro, an analyst with Prudential-Bache, a financial services company in New York, agreed saying that selling CIS "may not be wise" at present.

Behind the talk lies a series of problems for Computervision both in its relations with CIS and in the world CAD/CAM market place.

The company suffered a loss of $80m in 1985 on sales of $441m, and cut its workforce from 4,400 to 2,130. In 1984, it made $47m profit on sales of $556m, but has slipped to third position in CAD/CAM sales, behind IBM and Intergraph. US companies account for about 85 per cent of world sales in CAD/CAM, according to Daratech.

Computervision bought CIS, which is based in Swavesey, near Cambridge, in 1982, when the US company was riding high.

The cash and shares deal cost the group $35m. CIS, formed in 1977, had shot to prominence through developing Medusa, increasing sales rapidly to £10m in 1983.

Acquisition of CIS posed immediate problems for Computervision because of the similarity between Medusa and CADDS. Both products were aimed at enhancing the productivity of designers in industries such as cars, aerospace and general engineering.

Rather than scrap one of the products and concentrate on a single form of engineering software, Computervision continued to sell both sets of software, but used a single sales force. This led to complaints from the British managers of CIS that sales of Medusa were suffering as a result of a preference by the mainly US sales team towards CADDS.

Medusa and CADDS are not compatible, despite their similarity in performance. CADDS operates on Computervision's own minicomputers, while Medusa does not.

More recently, the US company has introduced a form of CADDS which runs on a modified form of a scientific workstation made by Sun Microsystems. In the first quarter of 1986 Computervision reduced its loss to $7m on revenues of $113m, and is basing its hopes for recovery on sales of these new systems. It aims for revenues around $500m this year, although analysts say the figure may well be lower.

To add to the confusion over CADDS and Medusa, a form of Medusa is also sold by Prime Computer, an arch rival of Computervision. (Medusa runs both on Prime machines and those made by Digital Equipment Corporation.) This results from a long-term sales agreement between CIS and Prime which dates back to before the Computervision takeover.

Mr Tom Sancha, chairman and joint founder of CIS, resigned amid stormy scenes last November, because of the Medusa issue and other disagreements.

Mr Crispin Gray, managing director of CIS, pressed Computervision to set up a separate sales force for CIS and earlier this year he was told he had succeeded.

Despite CIS's concern over marketing of Medusa, sales of the software have shown good growth. According to analysts, Computervision's revenue from the program grew from $29m in 1984 to $48m last year.

Should Computervision sell CIS, Prime would be an obvious bidder.

A more intriguing possibility is a management buy-out, assuming the British managers of CIS could raise the hefty sum Computervision would be bound to demand. Such a buy-out has been considered on a number of occasions. Much will depend on the degree of Computervision's recovery.

Company Notices

INTERNATIONAL COMPANIES and FINANCE

BHP survives latest bid by Bell

BY LACHLAN DRUMMOND IN SYDNEY

THE BIGGEST takeover offer ever seen in Australia closed yesterday with Broken Hill Proprietary (BHP) surviving Bell Resources' A$3.6bn (US$2.59bn) attempt at *securing control.*

A tally provided to BHP last night showed Mr Robert Holmes à Court's Bell with acceptances for only 110m shares to its A$9 a share partial offer, leaving Bell with an entitlement to about 26 per cent of BHP.

This compares with its maximum *acceptance limit of 400m* shares and its previously abandoned minimum acceptance condition of 230m shares.

The acceptance level is at the lower end of market forecasts that Mr Holmes à Court's latest effort would bring Bell between 25 per cent and 30 per cent of the company from its base of 17.6 per cent.

The relatively low level of acceptances is closely linked to the heavy market buying seen in past weeks. This was led by the New Zealand-owned Equiticorp Tasman and unnamed friends of BHP, which with Elders IXL and its own 19 per cent now have *around 30 per cent or more of* the company.

The National Companies and Securities Commission has thrown a last-minute twist into the bid battle this week, by declaring the purchases by Equiticorp to be "unacceptable because of links between Equiticorp and Elders."

This opened the way for Bell yesterday to begin court proceedings aimed at vesting the Equiticorp holding with the commission, and to prevent Equiticorp dealing in the *shares.*

Mr David Adam, BHP's corporate affairs director, said the *result of the bid* was an "indication of what a fairly fundamental base of people is saying to a fellow who wants to get control of this company from a relatively *small* shareholding."

A large number of acceptances are believed to have come from the Adelaide Steamship group, which already had pledged 6.9 per cent of BHP's capital to Bell. This stake is included in Bell's total 26 per cent entitlement to BHP, although Adsteam appears now to own only 3 per cent. Unexercised options against Bell could see its total entitlement *fall to 25 per cent.*

Although Bell has failed to gain a more substantial holding, this result is not expected to end the battle for control, with Bell and Elders seen as likely rivals in an ultimate fight for BHP.

Slide in freight rates hits Japan's shippers

BY YOKO SHIBATA IN TOKYO

INTENSIFIED rate-cutting competition on services to North America and a sharp reduction of dollar-based freight revenues bought reduced pre-tax earnings for Japan's top three shipping companies.

Another three in the sector stayed *in* deficit for the year to March. Reflecting the slowdown in economic expansion in the US and Japan, the volume of both imports and exports of seaborne cargo levelled off.

During the year, transpacific *freight rates suffered from* intensified competition triggered by the US Shipping Act 1984, and more than 80 per cent of freight revenues were based on dollars. As a result, the sharp appreciation of the yen trimmed these considerably.

JAPANESE SHIPPING LINES

Parent company results for year to March 1986 (March 1985)

	Revenues Ybn	Pre-tax profits Ybn	Net profits Ybn
Nippon Yusen	549 (573)	13.54 (15.18)	4.01 (2.66)
Mitsui OSK	493 (516)	10.16 (11.09)	3.88 (7.10)
Kawasaki Kisen	*377 (399)*	4.89 (7.06)	†1.35 (3.28)
Japan Line	185 (218)	†9.50 (†14.40)	†13.53 (†8.59)
YS Line	179 (199)	†4.76 (†2.26)	†3.70 (†4.56)
Showa Line	146 (161)	†9.50 (0.34)	†3.20 (†2.25)

†Loss

Nippon Yusen Kaish (NYK) and Mitsui OSK Line drew benefit from shipments of cars to North America, the industry's only profitable activity. The other four attempted to minimise losses through sales of securities holdings.

The ailing Japan Line suffered wider net losses of Y13.53bn bringing its accumulated deficit to Y59.69bn, on the verge of incurring a net liability.

It suffered pre-tax losses of Y9.51bn, despite gains of securities sales totalling Y14.2bn.

For the current year, Japan Line plans to push ahead with its drastic business rehabilitation plans announced late last year. The plans feature cuts in its workforce.

Japan Line said its prospects were brightening, as instanced by steady recovery in the tanker market. It expects overall sales to fall 10.8 per cent to Y165bn, but hopes to avert pre-tax losses. If it performs more poorly than projected, Japan Line intends to sell securities and other assets to stave off the asset shortfall.

Reverse at NEC for first time in eight years

By Our Tokyo Staff

WEAK semiconductor prices and the surge of the yen dragged pre-tax profits of NEC of Japan down 24.9 per cent to Y94.52bn ($557.1m) in the year to March, the first annual fall in eight years.

A lower tax charge allowed the computer and telecommunication equipment maker to lift net profits 3.8 per cent *to* Y53.02bn on turnover of Y1,970.5bn, up to 4.5 per cent. The dividend is unchanged at Y4.50, making a total of Y[illegible] a share for the year, against the previous year's Y[illegible].

NEC foresees a further 20 per cent fall in pre-tax profits to Y75bn in the current year, due to the strong appreciation of the yen.

During the past year, sales of electronic devices fell [illegible] per cent to account for [illegible] per cent of total turnover, reflecting the slow recovery of chip prices. But sales computers and office automation equipment, the company's mainstay, advanced by 21 per cent, reflecting strong demand for general-purpose and business computers and word processors.

Orders received during the year moved up by 4 per cent to Y2,078.5bn. Exports were down 2.3 per cent to account for [illegible] per cent of all sales, again affected by the rising yen.

The company foresees firm demand in the domestic computer market and recovery in the US. However, negative factors such as trade friction between Japan and the US over semiconductors are expected to remain, along with the strong yen.

Full year sales are projected at Y2,200bn, with pre-tax profits of Y75bn and net profits of Y40bn.

Swire bids HK$1bn for Hong Kong site

By David Dodwell in Hong Kong

SWIRE PROPERTIES, one of Hong Kong's leading property groups, took just 20 minutes yesterday *to outbid three other* contestants for a 16,150 sq m Victoria Barracks site behind the island's central financial district, paying HK$1.005bn (US$128.58m).

Last year Swire paid HK$ 703m *for the First Victoria* Barracks site, and was thus favourite for yesterday's auction.

Mr Alan Fosler, managing director, said the second site would cost about HK$3bn to *develop. It will include retail* and commercial office space.

The Sino-British Land Commission, set up a year ago to organise the territory's land sales programme up to 1997, will be the recipient of the funds.

The auction yesterday is expected to be the most expensive of 1986.

Rise in Fanuc's pre-tax profit below expectations

BY OUR TOKYO STAFF

FANUC, THE Japanese robot maker, achieved lower than expected pre-tax profits of Y58.5bn ($344.8m) for a rise of 12.6 per cent in the year to March.

The shortfall was attributed to a rise in cost-to-sales ratio and exchange losses stemming from the yen's steep ascent. Net profits were up 11 per cent at Y27.74bn.

However, for the current year, Fanuc's pre-tax profits are expected to plunge 40 per cent to Y35bn, on the conservative assumption that the yen averages Y160 to the dollar.

Sales advanced 20 per cent *to Y170.03bn, on the strength* of demand for computerised numerical control systems and a sharp increase in exports of industrial robots to the US. The company shipped about 2,500 units of these to GM. *Fanuc, its joint venture with* General Motors.

Fanuc boosted its per-share annual dividend by Y2 to pay Y15. This is despite a downturn expected this year in demand for its automated systems, caused by a slowing of capital investment and a fall of industrial robot exports to the US.

Sales of newly introduced plastic injection moulding machines and electrodischarge equipment are forecast to increase. As a result, Fanuc *hopes to be able to achieve* sales at the same level as in the previous year.

● *Ajinomoto*, the Japanese maker of monosodium glutamate, lifted pre-tax profits 1.7 per cent to Y30.1bn in the year *to March 31.*

Sales edged up 0.6 per cent to Y450.1bn.

Ajinomoto expects sales of its Leatinan anticancer agent, which it started to market last month, to help boost business for the *current year. It* projects pre-tax profits at Y31bn, up 3 per cent, on turnover of Y460bn, ahead by 2.2 per cent.

Australian Bank seeks listing

AUSTRALIAN BANK, a Sydney-based commercial bank, said yesterday it plans to seek a stock exchange listing and broaden its ownership base, AP-DJ reports from Sydney.

The bank also announced that its managing director, Mr Mark Johnson, plans to resign and will be replaced by Mr Dick Morath, *currently general manager for* finance at State Bank of New South Wales.

Mr Vic Martin, chairman, said the timing and details of the listing have yet to be determined, but the bank's two major *shareholders, the MLC* and Banque Paribas, plan to maintain their proportional holdings of 15 per cent each.

JAPANESE RESULTS

DAIWA HOUSE INDUSTRY
HOUSEBUILDING

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	366	318
Pre-tax *profits* (bn)	18.15	17.32
Net profits (bn)	8.58	7.02
Net per share	21.72	18.95
Dividend	9	9

PARENT COMPANY

NIPPON EXPRESS
FREIGHT

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	858	833
Pre-tax profits (bn)	20.74	20.53
Net profits (bn)	7.81	7.61
Net per share	7.98	7.78
Dividend	5	5

PARENT COMPANY

MITSUBISHI CHEMICAL INDUSTRIES
CHEMICALS

Year to	Jan '86 Y	Jan '85 Y
Revenues (bn)	1,241	1,223
Pre-tax profits (bn)	24.07	39.51
Net profits (bn)	7.54	23.39
Net per share	6.47	20.83

CONSOLIDATED

OMRON TATEISI ELECTRONICS
CONTROL EQUIPMENT

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	246	270
Pre-tax profits (bn)	8.24	17.52
Net profits (bn)	3.50	9.11
Net per share	20.40	53.36
Dividend	11	11

PARENT COMPANY

INTERNATIONAL COMPANIES and FINANCE

Two fixed-rate Eurodollar issues in quiet trading

BY CLARE PEARSON

THE EUROBOND market traded quietly yesterday as dealers in London returned to work after the spring public holiday. The dollar sector saw only two new fixed-rate issues, one a $200m deal for New Zealand.

Credit Suisse First Boston led the two-tranche deal. The first $100m four-year tranche carried a coupon of 7¾ per cent and was priced at 100¼. The second $100m seven-year tranche bore an 8 per cent coupon and was priced at 99½. It is expected that this financing will complete New Zealand's funding programme in the international capital markets for the next six months or so.

Dealers said that the four-year tranche should attract investors uncertain of the direction of interest rates who are seeking to shorten up their portfolio maturities. There is a relative dearth of issues in the five-year maturity range. The net spread over US Treasury bonds of about 55 basis points on the seven-year tranche looked quite generous.

Credit Suisse First Boston quoted bid prices on both tranches at discounts to their issue prices equivalent to the level of their total fees. Elsewhere in the market, however, slightly lower prices were quoted.

The market seems hard to enthuse about new deals, and Chase Manhattan's $100m 8¼ per cent 10-year bond for All Nippon Airways, guaranteed by Long-Term Credit Bank of Japan, did not meet a strong reception. Dealers said that its 55 basis point spread net of fees over US Treasury Bonds at issue was aggressive. The issue price was 100½.

In the equity-linked sector, Nikko Securities launched a $70m five-year equity warrants bond for Iseki, the Japanese agricultural machinery company. Pricing will take place on June 2, but the indicated coupon is 2¼ per cent. The lead-manager said that the bond traded around its par issue price, in line with other equity-linked bonds for Japanese companies at present.

Samuel Montagu launched a £50m five-year sterling Eurobond for Hessische Landesbank-Girozentrale. The coupon was set at 9½ per cent and the price at 100⅞. This deal should appeal to European investors in the sterling market. Dealers commented, however, that the market's recent firmer tone can be attributed almost entirely to domestic buying interest.

The confirmation from the EEC that it would call its $1.8bn floating rate note (FRN) at the next call date did not impress this sector greatly yesterday, as the move has been expected for some time. Nevertheless, the FRN sector continued to trade firmly, enabling CIBC to launch the first Ecu FRN for some time.

This was for Banco Nazionale Dell 'Agricolutra of Italy. The Ecu 100m seven-year bond pays interest at 1/16 point over six-month interbank offered rate for the first five years. At this point, there is an investor's put option at par; if he does not exercise it, he will receive interest at ⅛ point over interbank offered rate. The bond is callable from the first year at par. Fees total 23 basis points.

The bond was launched too late in the day to trade actively.

The D-Mark sector traded quietly ahead of tomorrow's announcement of the D-Mark Eurobond calendar for May.

Commerzbank launched a DM 200m issue for the Kingdom of Portugal. The eight-year bond carries a coupon of 6⅝ per cent and was priced at 100½. It was quoted in the market at levels inside 2⅛ per cent total fees.

Monday's DM 125m 6¼ per cent seven-year issue for Industrial Bank of Japan, lead-managed by BHF Bank, also traded within its fees. A DM 40m equity warrants bond for Kabori Juken, Japanese building materials manufacturer, was priced on Monday with a coupon of 1 per cent, the lowest yet on an equity warrants bond for a Japanese borrower. A bid price of 112 was quoted yesterday.

Swiss franc bonds traded quietly.

In the Australian dollar sector, Banque Indosuez launched a A$40m 13⅞ per cent bond for Kumagai Australia Finance.

Yamaha in French deal

BY DAVID HOUSEGO IN PARIS

YAMAHA, the Japanese motorbike manufacturer, has proposed taking a majority stake in MBK, formerly Motobecane, the French moped company which has been the subject of successive financial rescue operations.

Yamaha is proposing to take a majority stake through subscribing to a fresh capital increase. It holds 10 per cent of the shares in MBK, on a level with Fichtel und Sachs, the West German motor manufacturer. The takeover is expected to be accompanied by a further 250 cutback in MBK's workforce.

MBK's turnover has slumped by a quarter since 1983 with the continuing downturn in the moped market in France. The company lost FFr 37m ($5.13m) last year and expects a further loss of FFr 30m in 1986.

Motobecane filed for bankruptcy in 1983 but was saved by a capital restructuring a year later.

German credit unit may call for DM 8bn

By Jonathan Carr in Frankfurt

KREDITANSTALT für Wiederaufbau (KfW), the big state-owned West German credit institution, expects to tap the capital markets this year for close to the record DM 8.4bn it raised in 1985, and is making growing use of new financial instruments in its funding.

Mr Manfred Schüler, an executive board member, said the KfW had already raised DM 3.6bn in the first four months—a sum which included a zero coupon bond issue and a Y12bn currency swap.

Mr Schüler stressed that in both cases the company had been able to reduce its funding costs without taking on extra risks, and that it was planned to make further—cautious—use of these and similar financial innovations.

Mr Schüler's remarks underline the changes in funding patterns which have been emerging in West Germany as a result of the liberalisation of the capital market over the past two years.

The Bundesbank gave the green light in May last year to instruments such as zero coupon bonds and swaps. KfW, 80 per cent owned by the federal government and 20 per cent by the regional states, is moving to take advantage of this relaxation.

Interest is growing abroad in KfW bonds, following the Government's abolition in August 1984 of the coupon tax—which foreigners formerly paid on the interest they received from German domestic bonds.

Mr Schüler stressed that until the tax was abolished, almost no KfW bonds were held by foreigners, whereas now they hold close to 20 per cent. Despite the rise, the company's bonds were not as widely known abroad as those of the federal government, post and railways, although their backing was of similarly prime quality, Mr Schüler noted.

Founded in 1948 to help channel funds to rebuild German industry after the war, the company today now plays a major role in the finance of the country's trade and foreign aid as well as providing cheap loans to small and medium-sized businesses at home.

At the end of last year it had total assets of more than DM 85bn, capital and reserves of DM 3.3bn — and an operating profit of DM 339m, a rise of 36 per cent on 1984.

Forsyth cleared by Dubai court

By Our Financial Staff

MR LEN FORSYTH, formerly general manager of the Bank of the Arab Coast, has arrived back in Britain having been fully vindicated by a Dubai court of any wrongdoing in the affairs of the troubled bank.

Mr Forsyth had been detained in the United Arab Emirates for over a year. An official inquiry by a special committee of UAE bankers into charges laid against him completely exonerated Mr Forsyth of any criminal or fraudulent action, or any activities involving his self-interest. Its findings were fully accepted by the court.

Mr Forsyth's passport was returned and he was told that he was entirely free to remain in the country or to leave. The complaint against Mr Forsyth had been lodged by Sheikh Omer Abdulla al Qassimi, the chairman of Bank of the Arab Coast, without reference to other members of the board.

N. AMERICAN QUARTERLIES

CARLING O'KEEFE

Brewing Year	1985-86 C$	1984-85 C$
Revenue	912.7m	814.6m
Op. net profits	1.05m	15.7m
Op. net per share	†0.04	0.63

† Loss after preferred dividends.

DATAPOINT

Data processing equipment Third quarter	1985-86 $	1984-85 $
Revenue	82.5m	89.9m
Net profits	5.8m	†37.1m
Net per share	0.32	†1.86
Nine months		
Revenue	236.1m	292.5m
Net profits	18.8m	†70.9m
Net per share	†0.49	†3.54

† Loss.

FIRESTONE TIRE AND RUBBER

Tyres Second quarter	1985-86 $	1984-85 $
Revenue	868m	936m
Net profits	12m	20m
Net per share	0.31	0.48
Six months		
Revenue	1.73bn	1.84bn
Net profits	94m	37m
Net per share	2.37	0.87

R. H. MACY

Retailing Third quarter	1985-86 $	1984-85 $
Revenue	1.01bn	954.3m
Op. net profits	38.1m	31.3m
Net per share	0.74	0.62
Nine months		
Revenue	2.61bn	3.42bn
Op. net profits	187.2m	164.5m
Net per share	3.63	3.21

Philadelphia promises hot summer for currency futures in the US

BY DAVID OWEN IN CHICAGO

THE FAST-MOVING and buoyant US foreign exchange futures and options sector is expecting an eventful summer, with the Philadelphia Stock Exchange (PHLX) preparing to launch a comprehensive string of currency futures contracts.

Forex futures enable speculators to gamble on future exchange rates by agreeing to buy or sell a currency at a fixed rate on a stipulated date. Options confer on the buyer the right to buy or sell, with no obligation to do so if the market moves adversely.

Philadelphia plans to offer US dollar-traded futures on seven currencies: sterling, D-Marks, yen, Swiss and French francs, Ecus, and Canadian dollars. The exchange already offers options on all seven, with the first contract—sterling—dating from December, 1982. The launch is expected "in about two months," according to Mr Arnold Staloff, Philadelphia Board of Trade president.

Tactically, the move marks something of an about-turn for the PHLX. Since 1984, it has watched defesively as first the Chicago Mercantile Exchange (CME), then the Chicago Board Options Exchange tried to take a piece of the currency options action. The CME successfully carved out a niche for itself by offering options which confer the right to buy or sell the underlying futures contracts, rather than the currency itself. Now, Philadelphia is poised to assume the role of aggressor, since forex futures are one of the CME's traditional mainstays.

Mr Staloff plays down the competitive implications. "We don't think we will be competing with the CME in futures," he said. "Some people here want access to futures, along with our options. If we weren't trading options, there is no way we would have considered futures."

The CME, for its part, believes its vast experience in the sector will stand it in good stead. "Currency futures began here on May 16, 1972. That gives us the strongest of footholds," said one executive.

Currency contracts on both exchanges have enjoyed an excellent first quarter. In Philadelphia, volume was up over 49 per cent from corresponding year-earlier levels, with some 1.42m options traded.

> **The move marks something of an about turn for the Philadelphia exchange. Since 1984 it has watched Chicago Mercantile Exchange, then the Chicago Board Options Exchange, try to take a piece of the action**

This compares with currency volume of 3.7m in the whole of 1985. "Things are going super," enthuses Mr Staloff.

Meanwhile, at the CME, first quarter forex futures and options volume totalled 6.04m, as against 19.13m in the whole of 1985. Options growth was particularly strong, buoyed by the flagship D-Mark contract, and the successful launch of yen options.

Both exchanges agree that increased institutional participation is principally responsible for the volume gains. More banks and finance houses are recognising futures and options as an efficient means of offsetting foreign exchange risk.

The spectacular volume growth rate so far achieved in the forex futures and options sector has kept most US-based contracts relatively liquid. The CBOE's slow start begs the question—"Is the US market becoming over-subscribed?"

The CBOE launched six forex options contracts in September, 1985, with Mr Walter Auch, the chairman predicting average daily volume in excess of 15,000 contracts by June, 1986. In April, 1986, the daily average was 1,612 contracts. The exchange recently announced an incentive programme to encourage market makers to trade off-floor orders.

The exchange evidently thought its European-style options would be sufficiently distinct from Philadelphia's established and highly liquid American-style contracts to secure a significant market niche.

The buyer of an American-style option has the right to exercise it at any time before the expiry date. A European-style option buyer has that right on the expiry date only. So far, however, the new product has failed either to take enough business from the established market, or to attract enough completed new users, to ensure its success.

Also feeling the pinch are the Chicago-based MidAmerica Commodity Exchange's five foreign currency futures contracts. The MidAm has traditionally offered the smaller size of contract attractive to the retail sector and used to cater for the smaller investor. While this has, in the past, provided the exchange with a satisfactory niche in the overall market place, it has recently been hit hard by the fall in retail futures broking, as individual investors have shifted their money into the booming stock market.

The MidAm's recent effective takeover by the Chicago Board of Trade, the world's largest futures exchange, has prompted speculation that attempts might be made to revive its flagging forex fortunes. But the crowded US market place may delay such a move. "If we wanted to compete, I don't think currencies would be where we would start," said one CBOT official.

"I think there's room for more players, but I don't think the (US) marketplace needs more players," Mr Staloff adds. "However, I think there is a need to better cover the different time zones."

While volume should continue to increase in well-established US-based contracts, most expect the bulk of new launches to be concentrated in the European and Asian time zones, where competition is, for the moment, less intense.

In Asia, the CME has taken the initiative, helping the Singapore International Monetary Exchange to set up US dollar-traded D-Mark and yen futures contracts which are identical to those listed in Chicago. The exchanges are linked by a mutual offset system, permitting positions to be taken and closed out at either location. This is a boon to the big finance houses with offices worldwide, since it considerably extends the hours when they are able to trade.

The Singapore-based Simex is preparing to add Swiss franc and sterling futures, possibly as early as June," according to one CME official. Trading has so far been fairly light, however, and there are many who, like Mr Staloff, believe that "the Far East won't successfully develop until Japan opens up its forex markets—and that may not happen for two to three years."

Efim loan confirms lower margins

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CONFIRMATION THAT loan margins for top Italian borrowers have fallen below the ⅛ per cent level has come with renegotiation terms on an Ecu 300m revolving credit for Efim, the state industrial financing concern.

The maturity of the credit, which was led by Bankers Trust and Mitsubishi Bank and signed as recently as January 1985, is being left unchanged at 1995, but the annual commitment fee is cut to 10 basis points from 15.

A new initial loan margin of 10 basis points over the interbank offered rate for Ecu deposits has been set for the first four years, rising to 12½ points thereafter. Originally the loan was set to carry interest at a margin of ⅛ per cent for the first year, rising to 3/16 for the next four and then to ¼ per cent thereafter.

Mitsubishi Bank said yesterday it would be inviting new banks into the loan this week to replace a number expected to drop out because of the change in terms. But the balance between Japanese and non-Japanese banks is likely to remain little changed on its present 50:50 level.

● Wattie Industries, the New Zealand forest products concern, has mandated Barclays Bank to raise a US$150m, five year loan facility half of which will be underwritten at an annual fee of 12½ basis points.

Banque Worms' London purchase

BANQUE WORMS, the French merchant bank, is to establish itself in London by acquiring the London branch of American National Bank and Trust Company of Chicago, with all existing management and staff, Our Financial Staff writes. The deal is conditional on Banque Worms obtaining a licence from the Bank of England. No price was disclosed.

American National is a subsidiary of First Chicago,

INTL. COMPANIES & FINANCE

Trinidad and Tobago warms to foreign partners for industry

BY CANUTE JAMES, RECENTLY IN PORT OF SPAIN, TRINIDAD

WITH REDUCED demand for its oil over the past two years, followed by the current fall in prices, Trinidad and Tobago has been moving to diversify its one-legged economy by luring major investors from Europe and the US. Unlike its neighbours, however, the two-island Caribbean republic is not aiming for investments in light industries but is, instead, concentrating on heavy industry, mainly petrochemicals, fired by its cheap, abundant reserves of natural gas.

The results so far have been mixed, although government officials say that investments by major companies so far outweigh the setbacks to the heavy industrialisation programme and that there are hopes now for attracting investors from the Middle East.

The latest addition to the list of major investors in the country's petrochemical sector is not a stranger to the country. W. R. Grace and Company of New York is putting $245m into expanding an ammonia plant in which it is a partner with the government.

The company, Tringen, of which W. R. Grace owns 49 per cent with the Trinidad and Tobago Government having the marginal majority stake, is being expanded to produce 900,000 tonnes of ammonia per year—500,000 tonnes more than its current capacity.

The expansion is scheduled to be completed by January, 1988, and W. R. Grace is to purchase 40 per cent of the production on a take-or-pay basis, with the remainder to be sold on the open market, either on short-term contracts or spot sales.

The plant is located on a 2,000-acre industrial estate at Point Lisas in southern Trinidad, the centre of the attention of the foreign companies and which is fuelled by gas from the country's known reserves of 22 trillion (million million) cubic feet.

W. R. Grace's decision to increase its involvement in Trinidad and Tobago's fledgling heavy industrial sector followed a rescue act for the centrepiece of the industrial estate by two European companies. Voest Alpine of Austria and Neue Hamburger Stahlwerke have taken over the operations of the financially troubled Iron and Steel Company of Trinidad and Tobago (ISCOTT).

The companies have formed a joint venture with the Government which had undertaken a wide-ranging search for foreign partners to run the mill, which has been recording heavy losses since it was brought on stream in 1981.

ISCOTT has two direct reduction plants with a combined capacity of 900,000 tonnes per year, and with rated annual output of 700,000 tonnes of billets and 600,000 tonnes of wire rods. It was built at a cost of US$460m, but lost US$109m in 1982 and US$93m in 1983, forcing the Government to provide US$58m to support the plant that year, and US$167m in 1984.

Voest Alpine is no stranger to Trinidad and Tobago industry, having built a cement plant which is a joint venture between the governments of Trinidad and Tobago and Barbados. But the company's new involvement was the result of the collapse of an earlier agreement to run the steel mill between the Government and two US companies — Bechtel Operating Services Corporation of San Francisco, and Laclede Steel of St Louis.

Government officials said that after an agreement in principle had been reached, conditions demanded by the two US companies would have guaranteed all their rewards without any liabilities or risks, and that they wanted "absolute control of the partnership." But ISCOTT began with problems with foreign partners, and the Government had taken to running the mill on its own after the pull-out of two early partners, Estel Technical Services of the Netherlands and Kawasaki of Japan.

The effort at luring big companies into joint ventures in heavy industry suffered a setback earlier this year with the decision of ICI of Britain to scrap a plan for the construction of a 500,000 tonne per year methanol plant at Point Lisas at a cost of US$150m.

The decision to delay indefinitely the project after work had been started on some aspects by Toyo Engineering of Japan, is blamed by Government representatives on falling energy prices and an oversupply of methanol. But others claim that the Government and ICI could not agree on the price to be paid for the gas to fire the plant.

Officials are keen, however, to prevent setbacks such as these to overshadow the performance of other plants on the industrial estate, and in which foreign companies have been involved. Amoco Oil of Chicago, a subsidiary of Standard Oil (Indiana), has a 49 per cent stake in the second ammonia plant.

A urea plant, owned by the Government and which has found markets in China and India, was constructed by Snamprogetti of Italy, and has a rated capacity of 580,000 tonnes per year. Toyo Engineering of Japan constructed the industrial estates other major plant, an ammonia facility of 440,000 tonnes per year, which is also owned by the Government.

While Government officials display optimism about increasing the size of the petrochemical sector through more foreign investment, they are reluctant to name the likely new companies.

By all indications, the effort at increasing industrialisation with foreign partners is paying off. Government figures show increases in exports of ammonia, urea and methanol last year.

There could also be a greater opportunity for foreign participation in Trinidad and Tobago's heavy industry. With a general election due in nine months, public opinion polls have put the opposition ahead of the ruling party in popular support. Mr A. N. R. Robinson, the opposition leader, says he will divest Government holdings in economic enterprises if his party is elected to office.

Inertia Dynamics finds growth in gardens

BY ADRIAN DICKS

THE HUMBLE two-stroke engine does not, at first sight, seem to be the stuff venture capitalists' dreams are made of. If a small self-confident Arizona company is right, however, its carefully patented two-stroke engine has a clear lead in a market which it claims could double by next year — the automation of garden jobs.

Inertia Dynamics, with net income of $1.19m on sales of $25.3m in 1985, already claims second place in the US market for petrol - driven grass trimmers. It has followed this up with a range of grass and leaf blowers and, this summer, is introducing into North American garden centres a series of products which will allow trimmers, blowers, outdoor vacuums and cultivators to be attached to a basic hand-held motor unit.

Mr Gardiner Dutton, co-founder and chairman of IDC, says low manufacturing costs are achieved because the company makes its own engines. A patented progressive dye-stamping process is used, instead of the more usual forging, for turning out cylinder blocks and other parts.

The company went public in February 1984; the stock is listed on the Nasdaq national market and has recently been trading at $5, giving a price/earnings ratio of about five. This follows a doubling of first quarter 1986 earnings to 40 cents a share.

In November IDC decided to take over direct marketing of Ryan, the largest of the private labels it supplies. This accounted for 51 per cent of company unit sales in 1985.

Selling prices have been held where they have not been cut, while an eightfeld increase in production over the past six years has been achieved by an unchanged workforce.

From an estimated 800,000 petrol-driven trimmers sold in 1980, the US market increased to 1.9m units in 1985. Mr Dutton predicts it will reach 4m units next year, where it will stabilise and will depend mainly on replacements by the mid-1990s.

Meanwhile unit sales in the first quarter were 25 per cent above the same period a year earlier, helping IDC's first quarter earnings to double to $913,000.

UK COMPANY NEWS

Strong support given to Allied-Lyons' £1.3bn bid

BY TERRY POVEY

SHAREHOLDERS IN *Allied-Lyons* yesterday gave the group's board unexpectedly strong support by overwhelmingly backing the proposed C$2.6bn (£1.27bn) bid for the whisky and spirits activities of Canada's Hiram Walker Resources.

This bid is now clouded by opposition from the Canadian company's new parent—Gulf Canada—which is challenging the validity of the sale contract with Allied in the Ontario courts.

Approval from Canadian and US regulatory authorities is also awaited.

Speaking after the extraordinary meeting, Sir Derrick Holden-Brown, group chairman, said that the extent of shareholder backing was a vote of confidence in the board for its determination to pursue Allied's long-term business interests in spite of the bid from Elders IXL, the Australian brewing and financial group.

Elders' former £1.8bn bid for Allied is currently being considered by the Monopolies and Mergers Commission — the offer has been allowed to lapse but could be remounted if cleared.

Sir Derrick yesterday claimed that there was nothing defensive in the Hiram Walker move. This was "not a hastily swallowed poison pill," he said.

At the meeting to approve the offer for Hiram Walker's spirits activities only a small minority of shareholders voted against the takeover proposal.

Proxy votes by absent shareholders were approximately 145m in favour and 500,000 against.

Sir Derrick agreed that timing was now critical—if the Monopolies Commission cleared the path for a bid from Elders before the Canadian courts finalised the position on Hiram Walker, then the Australian group would still be bidding for an unexpanded Allied group. The Commission has until September 6 to report to the Secretary of State.

There were no signs of any pro-Elders sentiment from shareholders at yesterday's meeting. Only one institution, Foreign and Colonial, openly queried the Hiram Walker deal on the basis that it would dilute the return on assets and earnings.

Sir Derrick replied that while there was some £625m worth of goodwill in the proposed purchase price, this could be reduced substantially if Hiram Walker's assets were revalued at "more realistic levels." He suggested that as much as £400m could be added to the assets being acquired on this basis.

Menzies buying US publisher for £2.7m

By Terry Garrett

John Menzies, the Scottish-based retail group, is paying $4m (£2.7m) to acquire Readmore Publications, a private New York periodicals subscription agency which has a significant share of the US library market for medical publications.

The initial consideration will be around $2m with the balance phased over a period to suit the vendor. The price, however, is not geared to future profitability.

Menzies expects a goodwill wrtie-off of around £2.5m in the next accounts.

The purchase is seen as strategic rather than offering immediate financial gains. Profitability is unlikely to be much more than $750,000 at the pre-interest level on sales of $36m although Readmore will make a positive contribution after financing costs according to Mr Paul Wellsman, chairman of John Menzies Library Services.

In recent years Readmore has been achieving volume growth of around 10 to 15 per cent.

Readmore will be joining Menzies' network of library specialists including Coutts, the US and Canadian book vendor, Bennetts in Australia and JM's Library Services in Europe.

Scottish National asset value and dividend rise

NET ASSET value at Scottish National Trust improved to 357p in the six months to March 31 1986, compared with 292p at the comparable stage and 282p at end of last year. The interim ordinary dividend is raised by 0.2p to 1.7p on earnings 0.32p ahead at 2.53p per share.

Gross revenue fell from £3.53m to £3.39m, which the directors say was mainly because of exchange rate fluctuations on overseas income. The UK portfolio lifted income by 12 per cent.

The same currency variations apply to interest paid on US dollar borrowings which, together with a generally lower level of interest rates, resulted in substantially reduced borrowing costs.

Net revenue came to £1.63m against £1.43m after tax at £764,000 (£702,000), and the directors say that the revenue account should remain buoyant in the current half—they intend to increase the final dividend from last year's 3.35p.

During the half year, the funds temporarily held in gilts were sold, and reinvested in the American market; investment in Hong Kong has been reduced and there has been a small increase in Japan.

The directors say that the outlook for the British economy remains good, but the large number of rights issues is likely to hold the market down for the current half. In the US, the economy continues to be sluggish; lower interest rates and the weak dollar should lead to an improvement and to a higher market.

● The company also announced yesterday that it had issued by way of a placing £25m 10 per cent debenture stock 2011 at £97.749 per cent payable in full on June 3 1986. The directors say that this is an appropriate time to make long-term borrowing for the initial purpose of investment in fixed interest securities or money market instruments.

Hampton Areas urges rejection of Metals' bid

BY KENNETH MARSTON, MINING EDITOR

London's Hampton Gold Mining Areas natural resources group is urging shareholders to reject the offer of 130p cash per share made for it by Australia's Metals Exploration which is effectively controlled by Mr Alan Bond.

Mr George Livingstone-Learmonth said that the offer "completely fails to reflect the assets and potential of Hampton. We will be writing to shareholders shortly with detailed reasons why the offer is unacceptable and should be rejected."

The company adds that the potential of its 75 per cent-owned Hampton Australia "is barely reflected in the offer." Meanwhile, fresh valuations have been commissioned of all Hampton Areas' major assets, "and present indications are that these will result in an asset value substantially in excess of the Metals Exploration offer."

The offer document from Metals Exploration says that the initial closing date for the offer is June 14. It is stated that the bid price is above recent pre-bid levels obtaining for Hampton Areas and represents a multiple of over 21 times earnings per share for the year to March 31 1985 and a premium over net tangible assets at that date of 121p per share.

N. American Trust asset value climbs to 463p

Northern American Trust's net asset value per 25p share stood at 463p at the end of the six months to April 30 1986 compared with 328.1p a year earlier.

Net revenue for the period fell from £1.07m to £571,000, mainly reflecting a fall in investment income from £1.82m to £1.17m. Interest received was lower at £289,000 against £355,000.

Earnings per share decreased from 3.13p to 1.63p and the interim dividend is unchanged at 1.4p. However, the board intends to maintain last year's 5.4p total dividend although it will not be fully covered by revenue.

A further currency loan of US $10m was taken up during the six months, and currency borrowings now total $20m (£13.4m).

COMPANY NEWS IN BRIEF

HANSON TRUST has received acceptances in respect of over 90 per cent of Imperial Group, and will in due course acquire the remainder compulsorily. The offer remains open for acceptance.

PENINSULAR and Oriental Steam Navigation Company's proposed acquisition Stock Conversion is not to be referred to the Monopolies and Mergers Commission.

LOPEX, the international marketing communications group, is to buy a 50 per cent interest in N.V. V.L. Nederlandse Stichting Voor Statistiek, the largest independent market research consultancy in the Netherlands. Lopex recently announced that arrangements are in hand for listing its shares on the stock exchange in London next month.

UNITED WINE Producers has acquired 95 per cent of Casa Vinicola Barone Ricasoli, an Italian wine producer, from Joseph E. Seagram & Sons, the North American distiller. No purchase price is revealed. The deal was negotiated by Mr Roger Lamberth, until 1979 chief executive of Seagram's European operations.

HEWDEN-STUART has announced details of its agreed £6m purchase of the Isis Group's plant hire business. The provision of £5.06m for plant and cars has been reduced by some £13,000, but further adjustments are expected to be minor. Of the total consideration, £4.07m will be paid via the issue of 6m Hewden shares, to be placed through Morgan Grenfell, with the balance in cash.

SENIOR ENGINEERING Group has sold the stocks, work-in-progress and fixed assets, except for the freehold land and buildings, of its wholly-owned subsidiary David Worthington to Chillcotts for about £120,000 cash.

UK COMPANY NEWS

Charles Batchelor reports the latest stage of a six-year siege

Still no room at Savoy for THF

The Savoy Hotel group, owners of a clutch of prestigeous upmarket *hotels in* London and Paris, yesterday defeated the latest attempt by **Trusthouse** *Forte*, the much larger hotels and catering chain, to take a hand in its affairs.

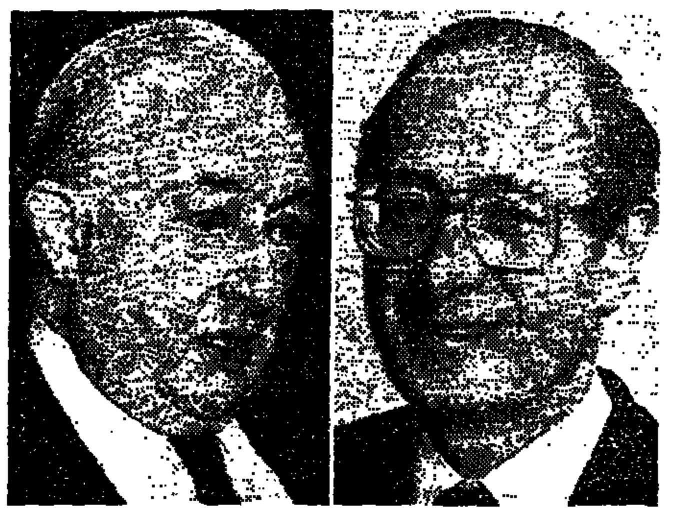
Appropriately enough, for a battle for control of Claridge's, The Berkeley, the Lancaster in *Paris*, and the Savoy itself the latest round in Trusthouse Forte's six-year *siege took place* amid the gilt and glitter of the Savoy's River Room.

Savoy's board, *chaired by Sir* Anthony Tuke, won the approval of all but a handful of the 190 shareholders at its annual meeting yesterday for permission to issue *£500,000* worth of new shares despite a plea from THF that they turn the *proposal down*.

THF, in the shape of its mild-mannered but persistent legal director Mr George Proctor, insisted on a count of the number of votes represented by the show of hands. While this produced a slimmer majority the Savoy still carried the day. Shareholders cast 2.8m votes in favour of the board's motion while 2.35m votes were cast against.

Mr Proctor also failed to prise loose from the Savoy board the names of the people behind what THF still claims is a "concert party" *intent on* maintaining the current board in power. THF claims that shareholders owning just under 50 per cent of the company are *backing the present* board.

Sir Anthony was adamant no concert party existed. "Speaking for myself and for other members of the board, we are not officially *or otherwise* aware



Sir Anthony Tuke (left), chairman of Savoy Hotel and Mr George Procter, legal director of THF.

of any concert party," he said.

THF has built up a 69 per *cent stake in Savoy equity over* the past few years but the Savoy's unusual split voting structure means THF has only 42.3 per cent of the votes. This *voting structure* helped *foil* a THF takeover bid in 1981. THF is now restricted, under the Takeover Code, from buying more than 2 per cent of the Savoy *a year in the market.*

When the Savoy group earlier this year announced plans to *seek shareholder approval* to issue £500,000 worth of new shares THF feared its voting stake—and that of other shareholders—could be reduced by a *third.*

THF was concerned that the Savoy board, would issue new "B" *shares* with 20 times the voting power of the "A" *shares*—which represent the bulk of *the THF holding.*

THF did succeed yesterday in obtaining from Sir Anthony a recognition that there were constraints on the Savoy simply *opting for the issue of the high-*voting "B" shares.

Spilt-level voting arrange*ments have been actively* discouraged for some years now by both the Stock Exchange and the major institutions, though this has yet to persuade the *Savoy to jettison a structure* adopted in the early 1950s to fight off a bid from Charles Clore.

"The Savoy directors have *never allowed the votes of the* higher voting "B" shares to exceed the votes of the "A" share," Sir Anthony said. "There will be no change in this policy."

The directors would not issue only B shares but would feel able to weight any issue in favour of the A shares, something the Savoy's critics would regard as a good step, he added.

The Savoy currently has 27.69m 10p nominal "A" shares *in issue, with 2.77m votes,* and 1.3m 5p "B" shares with 2.61m votes.

What does the Savoy intend to do with the capital it would raise from a new share issue? Last year's *ambitious £14m pro*gramme of refurbishment and new investment was funded entirely from cashflows.

Mr Giles Shepard, the Savoy managing director, confirmed *that the Savoy was negotiating* to buy a "small" British hotel but said he expected this deal would be for cash. A marketing link-up announced yesterday *with the Vier Dahreszeiten in* Hamburg includes a clause giving the Savoy first refusal if the family-owned hotel ever comes up for sale, but this could *be some years off.*

The question remains therefore. What does the Savoy intend to do with the money if it goes ahead with the share issue? Even if *it* is intended solely to dilute the THF holding. Mr Proctor was adamant that one of the hotel industry's longest running struggles for *power will continue.*

"We will keep working at it," he said. "We are not disappointed with the voting, which was close. At some stage *some of the 6 to 8 per cent of* shares in "free" hands will shake off and then will have control."

Goldberg at £2.6m as retail side recovers

A. Goldberg & Sons, engaged in departmental stores and consumer credit, has increased full-year *profits* from a depressed £640,000 to a record £2.56m pre-tax, mainly reflecting a sharp recovery to the retail side.

Retail activities, which lost £224,000 in 1984/85, made a £1.31m profit over the 52 weeks to March 29 1986. Wrygges, the group's young fashion business, increased sales by 38 per cent, the Goldberg town stores performed well, and the two large stores in Glasgow and Edinburgh benefited *from* development *of* concessions.

Total turnover was £38.55m, *compared with £32.8m.*

Style Financial Services, the consumer credit operation, contributed a *higher £1.24m,* against £864,000. During the year 60 per cent of Style was sold to the Royal Bank of Scotland for £4.8m

A final dividend of 3p (0.5p) *is* proposed which makes a total 4p (1p) and goes some way to restoring payments to former levels. Earnings per 25p share were 8.1p (0.9p), after tax of £1.17m *(£487,000).*

Earlier this month, the group purchased Mona Lewis, operator of Virgo units. All 21 Virgo units will be refurbished and relaunched as Wrygges or Wrygges *Man* units later this year.

● comment

A. Goldberg has pleased a rather sullen post-bank holiday market with these figures. A recovery from 1984-85's trough was expected but the result achieved was £250,000 better than most analysts were looking for. The company is still in the throes *of trying to transform itself* into Scotland's mini-Burton—by locating the buying team in London, the intention is clearly to bring Oxford Street fashion *to Scotland's High Streets* sooner rather than later. The recent acquisition for £400,000 *of the 21 Virgo stores will take* most of this year (and a good chunk of the cash raised from the sale of 60 per cent of the Style credit card to Royal Bank of Scotland) *to integrate but* the prospects for 1987 onwards look promising. This year £3.1m is expected, mostly from savings on interest payments, *which has the shares at 148p on* a prospective multiple of 13½. While this rating still represents a *discount to the sector it is* probably fair value for a company that has come back a long way from a 44p low in the spring of 1985, is presently 50 *per cent above the former peak* level, and has suffered an erratic profit performance.

Ladbroke pays £22m for retired homes group

By David Goodhart

Ladbroke Group, the hotels, property and betting shops company, has moved into the *growing* **UK retirement homes market with the acquisition of Gable House, a property and investment company, for £22m.**

Ladbroke said that it placed "particular emphasis" on the continued expansion of the retirement *homes* division and added that the best means of entering this sector is through the acquisition of a company with a proven track record.

In the five years from June 1980 to June 1985 Gable's *pre-tax profit grew from* £24,000 to £901,000, on turnover *which increased from* £1m to £5m. For the six months to last December 31 pre-tax profits rose 30 per cent to £412,019.

Ladbroke's *property* division already accounts for £18m of its 1985 pre-tax profits of £75.1m, and in addition to this latest acquisition *the group* is proposing to establish two new property companies which it will fund up to £20m each.

In the first company, which *will specialise in property* development and investment, the Gable House management will have a 25 per cent equity interest. In the second, which *will develop and operate* retirement homes, the Gable managers will have 15 per cent.

Irrevocable undertakings to *accept the deal have been* received from the three Gable directors — Mr A. Goldberg, Mr H. Harris and Mr J. D. Goldberg—who own 38.32 per cent of the share capital. The offer is 21 Ladbroke shares for every 34 Gable House *shares* — valuing each Gable House share at about 205p—*with a cash alternative* of 195p.

Hawker Siddeley

Hawker Siddeley, the *international* electrical and mechanical engineering group which already owns 40 per cent of Safetran Systems Cor*poration, has purchased the* majority 60 per cent holding of the company from CCI Corporation for $30m ($20m) in cash. Hawker acquired its *original holding* in October 1984.

Safetran Systems, of *Minneapolis,* Minnesota, manufactures a range of railway signalling, telecommunications and track maintenance equipment for both the railroad and mass transit markets. Products include highway crossing warning signals and controls, train signal and control systems and radio control *systems.*

Hibernian Insurance

Hibernian Insurance Group, the largest Irish-controlled non-life insurance company, is to seek a full *listing* on the Irish Stock Exchange within the next two months to raise *between I£5m to I£10m* (£4.5m to £9m).

Coloroll's 63% increase slightly above expectations

Coloroll, one of the leading designers *and* manufacturers of products for the home fashion market, has slightly exceeded expectations with a 63 per cent increase in full year pre-tax profits to £6.23m compared with £3.81m previously. Turnover increased by 63 per cent to £60.83m (£37.3m).

Since the company came to the market one year ago it has acquired the UK *company* Worley and the US company Wallmates. More recently it has acquired Biltons, the private ceramics firm, after failing in its £14m bid for Staffordshire Potteries.

Pro-forma results for the year to end-March 1985 *show* a slightly less dramatic improvement with turnover at £53.8m and pre-tax profit at £5.28m. But the pro-forma pre-tax profit for the year ended March 31 1986 of £6.39m, still shows a 21 per cent improvement over *the* 1984-85 figure. Actual earnings per share increased by *20 per cent from 11.2p to 13.6p.*

Mr John Ashcroft, the chairman, said that the existing *businesses* had strong organic potential while "our record of acquisitions at keen prices, *followed* by significant investment and expansion, will continue to enhance earnings prospects." The new financial year, he added, had started well.

Commenting on the *lapsing* of the bid for Staffordshire Potteries the chairman made it clear that he *intended to* take control eventually. He said: "Despite the lapsing of our bid we currently own 29.9 per cent of the ordinary shares and over 48 per cent of the fully diluted equity. *Our intention to create* the Ceramics Division of Coloroll has been strengthened by the acquisition of the Biltons Group. The two businesses are highly complementary and we would intend to run the two as separate companies within an enlarged *ceramics* division."

The directors have recommended a final dividend of 3p a share making 5p for the year in total.

● comment

The making of co-ordinated packages of home fashion products for *retailers* has been well exploited by Coloroll. Although much of the profit growth has come from the recent acquisitions, organic growth has also been strong. Sales in the original wallcoverings company increased by [illegible] per cent—although some of that has gone direct to Wallmates in the US, whose performance would have been even stronger without the weakening dollar. Staffordshire Potteries remains a castle under siege while the Coloroll army marches on to a new round of acquisitions, probably in textiles. Nevertheless, the Staffs failure has been a disappointment and although the cost of the stake has been minimised in various ingenious ways it is by no means certain that the Take-Over Panel will allow conversion of the preference shares in November. The Staffs bid has, however, been good free advertising and the newly [illegible] should see profits over [illegible] in 1986/87 giving a prospective p/e of under 12 at 207p.

Dunhill increases to over £20m

Dunhill Holdings, the luxury, consumer products subsidiary of Rothmans International, earned just over £20m pre-tax in 1985-86—a 33 per cent *increase over* the previous year and the third successive year of record profits.

A higher final dividend of 3.5p (2.3p) *is proposed, which* lifts the total from 3.8p to 5.5p. Rothmans owns 50.62 per cent of the ordinary shares.

Group turnover—Dunhill has four main operating *units—rose* from £117.16m to £129.51m.

The overall tax rate reduced *to 38 per* cent (41 per cent) equal to £7.63m (£6.21m), resulting in a 41 per cent increase to £12.46m in net profits. Earnings per share were 29.6p (21p).

Trading under the Dunhill name produced continued growth in the key fashion area, and is being supported by a substantial *increase* in promotional expenditure. Sales increased in all major market areas, assisted in the US by the acquisition of Dunhill Tailors. Duty-free *results* were particularly strong.

Montblanc, a world leader in the pen market, *had* an *outstanding year,* the directors say, with a substantial increase in sales, particularly to the important US market, and a strong *rise in profits.*

Lane, which manufactures and distributes smoking products *in the US, had a year* of satisfactory progress in a difficult market, gaining market share and achieving higher profits.

Chloé, a French fragrances and fashion company, made a small contribution to profit in its first year *in the group.* Management has been strengthened and a programme for the future *development* of this company has commenced.

● comment

The City was well prepared for *a surge in profits from Dunhill,* yet the share price soared by 40p to 505p yesterday. *The pace* of growth will, inevitably, decline in the current financial year. *The dearth of US tourists* in Europe will take its toll on the Dunhill business which despite diversification, still provides the bulk of profits. Mont Blanc's progress will be inhibited by the need to increase capacity. Chloé is still in the throes of reorganisation and Dunhill's new management team faces a difficult task in revitalising the core fashion house, which has yet to recover *from Karl Lagerfeld's* defection to Chanel. Lane's prospects in the US will be dogged by the tobacco market recession. More prosaically, the 1986-87 results, *unlike* the 1985-86, will not benefit from a reduced tax charge. Nonetheless, the City expects profits to increase to £24m, in line with the stores sector average, leaving the prospective p/e of 15 lagging behind it. The need to increase capacity at Mont Blanc and to refurbish the Dunhill shops, will mop up much of the cash pile. Dunhill is, however, still intent on growth through *acquisition*, the problem being that there are very few companies available in the international luxury goods areas it covets.

Elbar board and auditors under fire

BY LIONEL BARBER

THE BOARD and auditors of Elbar Industrial, the loss-making motor vehicle distributor and engineer, came under fire at the annual general meeting of shareholders in *London* yesterday.

Shareholders led by Gresham *House Investment Trust,* speaking for just over 19 per cent of Elbar shares, accused Mr Peter Grant, Elbar chairman, of withholding material information relating to the 1985 *accounts.* These contain extraordinary losses of £628,000, of which £411,000 *stems* from what the group's auditors, Coopers & Lybrand, describe in the accounts as a failure by a subsidiary to keep proper books of account for more than one year.

Shareholders asked why *Coopers & Lybrand had failed* to detect the accounting irregularities at an earlier stage. They also asked Mr Grant to give a breakdown of the £411,000 *losses.*

Mr Grant, a vice chairman of Lazard merchant bank, described the *accounting irregu*larities within the subsidiary (Barclay Ross) as most unsatisfactory, and said they had now been corrected. He said that a separate group of accountants had been asked to investigate the matter.

But Mr *Grant* declined to comment further. He explained that it would be inappropriate since Elbar's majority shareholder, Tanks Investments (UK), a wholly-owned subsidiary of Societe Generale de Belgique, holding 73.89 per cent, intended to make a bid for the outstanding 26.11 per *cent of Elbar shares at 70p a* share.

Gresham representatives, who oppose the proposed Tanks bid as inadequate and discriminatory to minority shareholders, also asked Mr Grant why he had made a favourable interim *statement* last October in the light of a subsequent downturn in trading profits. Mr Grant said that the *budgeted figures* on which the board had been operating was overoptimistic.

Asked about the position of Mr Etienne Allard, Elbar chief executive, and how *many* days he devoted to the job per week, Mr Grant *said* he was an executive director who resided in London.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bisichi Tin	0.65	Aug 22	0.65	0.65	0.65
Coloroll	3	—	—	5	—
Dunhill Holdings	3.5	July 23	2.3	5.5	3.8
FKI Electricals	0.5†	Aug 18	0.28	0.78	0.5
A. Goldberg	3	—	0.5	4	1
Hunter Saphir	1.65	July 22	1.05	2.5	1.75
Ind. & Assoc. Inv.	0.3	Aug 29	0.24	0.3	0.24
Monks Inv. Tst.	1.5	July 30	1.3	2.6	2.4
N. American Trust int.	1.4	July 8	1.4	—	5.4
Pericom‡ int	1	July 1	nil	—	1.3
Scottish National int	1.7	June 24	1.5	—	4.85

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Aitken Hume hits out at Tranwood

BY CHARLES BATCHELOR

Aitken Hume International, the troubled *financial* services group which is fighting a £91m takeover bid from Mr Nick Oppenheim's Tranwood Group, yesterday dismissed Tranwood as "little *more than a shell* company."

Tranwood appears only to be offering its management for which shareholders would be surrendering 10 per cent *of* their company, Mr Tony Constance, Aitken's chief executive said.

Aitken revealed that members of its board and Mr Oppenheim and the two companies' respective merchant bank *advisers had held* meetings, but these had not altered Aitken's objection to the bid.

The Aitken board concluded there was no reason to change *its view that the* Tranwood bid was inappropriate and no way in the interest of its shareholders.

UK COMPANY NEWS

Interims resumed as Pericom makes £1m

ON THE strength of a near £1m taxable profit at halfway, compared with a small loss last time, Pericom, a USM quoted computer hardware manufacturer, is to resume interim dividends with a 1p payment and expects to at least maintain the final at 1.8p.

The improvement in the six months to March 31 1986—profit of £977,000 against a £55,000 loss—follows the return to the black by the company in the last second half, and the directors say that the indications for the full year outcome are encouraging. The forward order book remains satisfactory.

Turnover for the half year came to £8.69m (£4.44m). After a tax charge of £395,000 (£9,000) earnings per share came to 7.8p (loss 0.6p).

R&D expenditure is running at a higher level than last year, and will continue, say the directors, in order to ensure continuos product enhancement.

The wholly owned US subsidiary showed a small interim loss, and the situation is not expected to improve, given current *exchange rates*, until significant quantities of new colour products are available for shipment later this year.

A French subsidiary Monterey Technology is expected to break even within six months—initial costs will be written off during the second half.

● comment

Pericom's first-half figures last year were hit by the heavy costs incurred in launching its Monterey range of graphics terminals, but the resurgence which began in last year's second half has carried through into this year's first to produce a dramatic turnround. The sales growth is coming from the UK and abroad, with exports up from 28 per cent last year to 40 per cent now, but seems likely to be mitigated by seasonal influences in the second half to produce something like £2m for the full year. With the shares off 7p at 138p and a tax charge of 41 per cent, the rating continues to look miserly at 9, but gone are the days of fancy multiples for computer hardware manufacturers. In spite of Pericom's attempts to diversify, the market remains sensitive to the company's past *misfortune with VDUs* and is already looking ahead to the day the current product line reaches the end of its life cycle.

Midsummer profits leap

Midsummer Inns, the public houses and discotheque concern which formerly traded under the CAMRA name, yesterday reported greatly improved profits for the first half of the 1985-86 year. At £404,000 pre-tax, these were £293,000 ahead of last time.

Earnings per share rose from 10.3p to 11.5p, adjusted for the £4m rights issue last January. The company, which has a USM place, does not pay interim dividends, but Mr Adam Page, the chairman, says that the final will be increased from last times 2.5p to reflect the company's progress.

"The second half has started well and I expect to be able to report a further substantial improvement at the year end," says Mr Page, whose Swithland group has a controlling interest in Midsummer.

He adds that the half year results reflect the improvements in management, trading and developments which have been initiated during the past year. "The new administration is constantly improving efficiency and profitability."

Charnwood Shopfitters has expanded its resources. In addition to developing new sites, the company has also continued the policy of selective acquisitions, and now has a very full development programme.

Turnover rose by more than £2m to £2.95m, and the company again paid no tax.

Radio City exhibition losses up sharply

CONTINUED losses at the *Beatle City exhibition* left Radio City (Sound of Merseyside) £169,000 in the red at the pre-tax level for the first six months of the 1985-86 year.

However, the exhibition has been transferred to Transworld Leisure for £500,000 cash and no further losses are expected from this operation.

In all, Radio City is benefiting a number of economies and anticipates that there will be a trading profit in the second six months to end-September.

There is again no interim dividend—first half losses last time amounted to £49,000. Loss per share was 6.11p (1.89p). The 25p shares are traded on the USM.

Turnover for the period under review declined from £1.42m to £1.1m. Trading losses of £138,000 (£32,000) included non-recurring redundancy costs and an exceptional credit of £10,000 from the sale of ordinary and loan stock in Marcher Sound which had previously been *written off*.

Southern Business

Southern Business, the Croydon-based photocopying machine supplier, has agreed to buy 50 per cent of Benworth Copying Machines, a distributor with offices in Orpington and Southampton, *for £771,450 in cash* and 163,250 new Southern shares.

Benworth's prinicipal shareholder is Mr John Murray, a non-executive director of Southern. The company supplies Ricoh, Sharp and Cannon equipment to 2,000 customers and expects to make pre-tax profits of £300,000 in the year to May 31.

Seafield

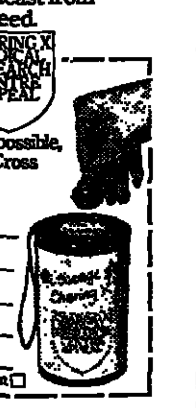
Seafield, Irish textile and PVC coated fabric producer, finished the 1985 year with a loss of I£186,000 (£166,000), compared with a profit of I£117,000. Apart from the usual charges there was £58,000 redundancy and other employee termination costs, and interest was £153,000 (£96,000).

Loss per share came to 8.8p (earnings 4.2p) and to 27.9p (3.3p) after extraordinary debits of £490,000 (£23,000). This included a £419,000 provision against investment in Cerdac.

Yearlings

The interest rate for this week's issue of local authority bonds is 9⅞ per cent, down ¼ of a percentage point from last week, and compares with 12¼ per cent a year ago. The bonds are issued at par and are redeemable on June 3 1987.

A full list of issues will be published in tomorrow's edition.



Year to 31 December	1985 £000	1984 £000
Turnover	33,591	31,072
Pre-tax profits	1,323	1,243
Earnings per share	14.7p	14.9p
Dividends per share	4.30p	3.85p
Net assets per share	141p	133p

UK COMPANY NEWS

Acquisitive FKI accelerates to £5.8m

FKI Electricals, which has expanded rapidly having acquired and turned around a number of loss-makers since its move from the USM in 1983, raised its turnover and profits before tax by 73 per cent and 65 per cent respectively in 1985-86.

In the current year the electrical and electronic engineer has continued to trade strongly and another 12 months of significant progress are looked for. The figures will include a 12 months' contribution from the TI companies acquired in November 1985 and from Cableform.

The engineering and components division acquired from Thorn EMI for £11.7m earlier this month, is expected to contribute to profits in the second half of 1986-87.

Turnover for the past year (to March 31) rose from £18.53m to £32.04m and pre-tax profits by £2.28m to £5.75m.

Earnings per 10p share improved to 4.61p (2.89p) and a final dividend of 0.5p (0.275p) lifts the total from 0.5p to 0.775p net on the capital enlarged by 1984-85's rights issue.

● comment

The business of FKI—or at least of its chairman, Mr Tony Gartland, and his top management—is not so much the manufacture of electrical components as tracking down poorly-performing companies in related areas operating at high gross margins and low net ones, and extracting from them the pre-tax performance that lies latent within. It all sounds too glib to be true, but one cannot argue with the record: profits have grown from £1.5m to £5.7m in just three years on turnover up from £7m to £32m, and by the end of next year the group plans to have five divisions with turnover of £20m and profits of £3m each. In the current year, a continuation of the 20 per cent organic growth together with full-year contributions from the TI companies and Cableform and a first-time contribution from the Thorn EMI acquisitions should produce a good £10m, putting the shares, down 1½p at 84p, on a prospective p/e ratio of 12½ after a 25 per cent tax charge. With the economy favourable and no shortage yet of potential acquisitions, the rating still leaves something to go for when compared with the Tomkinses and Williamses of the world.

Hunter Saphir surges £1m and continues to progress

Hunter Saphir, a marketer and distributor of fresh produce, raised 1985-86 profits by virtually £1m and is currently experiencing continuing progress in all sectors.

The year to February 28 saw turnover improve from £64.6m to £73.65m and profits from £1.17m to £2.14m at the pre-tax level. In view of the results the directors are lifting the dividend by 0.75p to 2.5p net, the final being 1.65p.

They say during the past year they concentrated on the profitable development of existing business and on the integration of acquisitions made in 1984-85.

Despite low food prices and a poor summer Hunter Produce continued to move ahead and with a broadening range of supplies improved both turnover and margins.

The distribution side increased volumes throughout while Saphir Foods had an "extremely" satisfying second six months. The directors are looking to this subsidiary to become an increasingly valuable contributor to group results.

Tax for 1985-86 accounted for £893,000 (£423,000)—there was also a prior year adjustment of £82,000.

Earnings emerged at 7.66p (4.92p). The company obtained a USM quote for its 25p shares in 1984.

Although all sectors have continued to progress in the current year the directors make no forecast for the outcome but say the "signs are encouraging."

● comment

British tastes in fruit and vegetables have become increasingly esoteric, yet with its 1984-1985 results Hunter Saphir proved that the new wave of fruit and vegetable producers is every bit as vulnerable to time honoured problems of icy weather as the old. Market conditions were no less unfavourable in 1985-86, but the combination of reduced costs, more efficient management and the transition of the corporate changes of three years ago into profit restored the company's lost momentum. For 1986-87 the core businesses are still improving. Distribution should benefit from a broader customer base and fresh produce from advances in biotech production techniques. Meanwhile, Saphir Foods—which produces yuppie foods like fresh fruit salad and quiche fillings for the grocery multiples—should filter through to profit. The City expects overall profit growth to £2.7m producing a p/e of 14.5 on yesterday's share price which fell by 2p to 160p. While a reduction in the tax charge from 41 to 37 per cent should buoy earnings per share, Hunter Saphir is now scouting about for acquisitions, primarily in the distribution and food manufacturing sectors.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: MEPC, Svenska Cellulosa.
Finals: Air Call, Associated Fisheries, Coalite, Electra Investment Trust, Freshbake Foods, Frank G. Gates, Gerrard and National, Harrisons and Crosfield, Murray Technology Investments, Priest Marians, Rambia Rubber, Richardsons Westgarth, TR Property Investment Trust, Tesco.

FUTURE DATES

Interims—	
Bradstock	June 5
Common Brothers	May 30
Moran Tea	June 2
Reliant Motor	May 30
Richards	May 30
Saatchi and Saatchi	May 28
Finals—	
Airflow Streamlines	June 2
Alpine Soft Drinks	June 12
Cable & Wireless	June 25
Chloride	June 16
Erskine House	June 16
Hill Samuel	June 5
Holden Hydroman	June 5
Prontaprint	June 13
Rowlinson Securities	June 11
Southwest Resources	June 9
TR North America Invest. Tst.	June 4

Felixstowe Dock

Felixstowe Dock and Railway earned just over £8m pre-tax in 1985 compared with £7.95m in 1984. Traffic through the port exceeded 500,000 containers for the first time, and was achieved despite the absence of additional capacity.

Turnover was higher at £46.39m compared with £41.9m. The company says that growth was created through improved efficiency.

The dividend on the cumulative redeemable participating preference shares is 201.2p per share—equal to 1/20th of pre-tax profits.

During the year construction of the Trinity terminal begun which, when complete, will be able to handle the world's largest container ships. The terminal will come into operation in the second half of this year.

FT LAW REPORTS

Digest of cases reported in Easter Term

FROM APRIL 9 TO APRIL 30 1986

Argyll Group plc and Others v Distillers Co plc (FT, April 9)

In its attempt to prevent further steps toward the *merger* between Guinness and Distillers, the Argyll Group applied to the Court of Session in Edinburgh *for an* injunction on the ground that the merger contravened Article 86 of the EEC Treaty as constituting an abuse of a dominant market position. In refusing the application, Lord Jauncey said that it seemed reasonably clear that something more than mere alteration, albeit measurable, in the level of competition was required before an event producing an alteration could be categorised as an abuse. There had to be some act which had a significant and abnormal effect on the market, to the extent that the degree of competition was not only altered thereby, but was distorted in a manner which could only have been achieved by the exercise of a dominant position.

*

Gomba Holdings (UK) Ltd v Homan and Another (FT, April 11)

While section 497 of the Companies Act 1985 required a receiver appointed under a floating charge to send annual accounts to the company, this statutory *obligation* was not exhaustive, Mr Justice Hoffman said in dismissing a motion by Mr Shamji for an order that the receivers of the Gomba group provide the board with details of the disposal of all assets for a purported redemption. A board which demonstrated a "bona fide" intention and ability to redeem was entitled not merely to a redemption statement showing how much was still owing but also to reasonable information about the nature of the assets remaining in the hands of receivers. *On the other hand, however, a* receiver's duty to provide such information had to be subordinated to his primary duty not to do anything which might prejudice the interests of the debenture holder.

*

Compagnie Europeene de Cereals SA v Tradax Export SA (FT, April 15)

In a dispute arising out of the US soyabean embargo of 1973, the seller, CEC, sought an injunction restraining the buyer, Tradax, from pursuing an arbitration on the ground that it had become time-barred under the Limitation Acts. The contract provided that the arbitration was to proceed in accordance with Gafta Rule 125 which, in turn, stipulated that arbitrators were free to determine the issues at their absolute discretion. In granting the injunction, Mr Justice Hobhouse said that, as a matter of law, Rule 125 did not give arbitrators any discretion to override the defence available *to CEC under the Limitation* Acts.

*

Roger Bullivant Ltd and Others v Ellis and Others (FT, April 16)

After the plaintiff company *had* commenced action against the defendants, it circulated a letter which, the defendants alleged, was an attempt to prejudge the issues of the litigation. In the defendants' ensuing application for an interlo*cutory injunction* to stop further distribution of the letter, the company took the procedural objection that it fell within section 1 of the Contempt of Court Act 1981 and that the proceedings therefore should not have been brought without the consent of the Attorney-General. Mr Justice Falconer, upholding that objection, rejected the defendants' contention that the Act created a new statutory form *of contempt, leaving* the common law jurisdiction still available. He said the statute was an amending one circumscribing the ambit of contempt of court at common law and thus did not create a new and *separate statutory offence.*

*

Midland Bank plc v Pike and Pike (FT, April 18)

A bank, which obtained a charging order over Mr Pike's beneficial interest in a property co-owned by himself and Mrs Pike on a trust for sale, was refused an originating summons *for the sale of the property on* the ground that the bank had no "locus standi" under section 30 of the Law of Property Act 1925. In allowing the bank's appeal, Mr Edward Nugee QC stated that there was no doubt, even in the absence of authority on the point, that a person entitled to a charging order on *the share of a co-owner in the* proceeds of sale of land had a proprietary interest in that share and was a "person interested" for the purposes of section 30, just as much as the co-owner himself.

*

Standard Chartered Bank v International Tin Council (FT, April 22)

International organisations such as the International Tin Council had *never* been recognised at common law as entitled to sovereign status, Mr Justice Bingham said when refusing the ITC's application to set aside a writ served by the plaintiff bank. It was accordingly not entitled to sovereign or diplomatic immunity in the UK save where such immunity was granted by section 6(1) of the International Tin Council (Immunities and Privileges) Order 1972, which stated that the ITC had *immunity from* jurisdiction "except to the extent that this had been expressly waived." In 1982 the bank had lent £10m to the ITC by a facility letter, clause 7 of which stated that the ITC submitted "hereby *irrevocably* . . . to the non-exclusive jurisdiction of the High Court" and consented to "the issue of any process." Nothing could be a more express waiver of immunity from suit than clause 7 of the facility letter, the judge said.

*

Potato Marketing Board v Drysdale (FT, April 23)

When the Potato Marketing Board issued a summons against Mr Drysdale who, as a registered potato producer, was liable to pay a levy for exceeding his area contribution, he *contended that the claim* was illegal under the EEC Treaty. He also stated that he would withhold payment until another claim against a producer, named Robertson, was litigated. In dismissing his appeal for leave to *defend in Order 14 proceedings*, the Court of Appeal stated that the facts established in the Robertson case were matters of public record relating to the activities of the board. In those circumstances it was incumbent on Mr Drysdale to be very specific as to why he should be given leave to relitigate issues of fact already decided in the board's favour. Moreover, neither the common facts nor the inferences that might properly be drawn from them established that the board's activities were contrary to any *of the Treaty's provisions.*

*

Sherdley v Sherdley (FT, April 25)

Mr Sherdley, a divorced father, who had custody, care and control of his children, *sought an order allowing him* to pay school fees direct to the school with regard to periodical payments which he made to the children. The order was in a form approved by a practice direction which stated that tax relief would be given on the school fee element of maintenance orders. In upholding Mr *Justice Wood's refusal to grant* the order albeit for different reasons, the Court of Appeal held that *in applying* the general law in relation to tax avoidance, the true nature of the transaction was a sham and its sole purpose was simply to reduce Mr Sherdley's liability to tax.

*

Leigh & Sillavan Ltd v Aliakmon Shipping Co Ltd (FT, April 29)

The buyers of steel coils under a c and f contract reached an agreement with the sellers that the cargo was to be held on its arrival to the sellers' sole order. The goods *arrived in a damaged* condition. Unable to sue in contract because the property in the goods had remained with the sellers, the buyers sought to sue the shipowners in negligence. The House of Lords reaffirmed that only persons with a legal or possessory title to the goods, which occasioned *the loss, could sue in tort.* Moreover, the proximity test in negligence suits was applicable only in cases of a novel factual situation and not to one where the courts had already repeatedly held that a duty of care did not exist.

*

Igbo v Johnson Matthey Chemicals Ltd (FT, April 30)

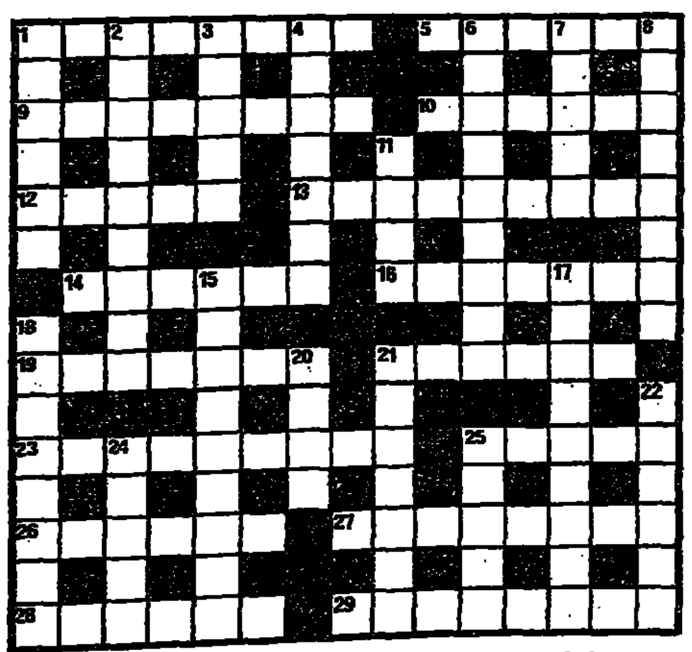
When Mrs Igbo went abroad for her holiday, she signed a written agreement with her employer that if she failed to return to work on a specified date, her contract of employ*ment would automatically* terminate. Due to illness she was unable to return to work on that date and she lost her job. Mrs Igbo applied unsuccessfully to an *industrial tribunal* claiming unfair dismissal, and was *unsuccessful in her appeal* to the Employment Appeal Tribunal. In allowing her appeal, the Court of Appeal stated that the stipulation in the holiday agreement limited the effect of the protection provisions *in the Employment* Protection (Consolidation) Act 1978 by converting her unconditional right not to be unfairly dismissed into a conditional one.

By Aviva Golden

This digest will be concluded on Friday.

F.T. CROSSWORD PUZZLE No. 6,032

VIXEN



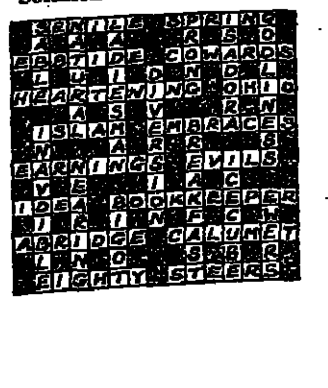
ACROSS

1 Laggard laid out, right? (8)
5 Stick a number on present (6)
9 Sailors plot together or separate (8)
10 The old writer wants quarters with a bed in (6)
12 Cream—some people feel it endangers health (5)
13 Thinks a lot of *tea's* never properly blended (9)
14 Assassination for backing *the communist* spirit (6)
16 Turkish furniture (7)
19 Excel in public work (7)
21 A steed, when correctly handled, is not fiery (6)
23 Pretending, being understanding (6, 3)
25 Present a problem about one's balance (5)
26 Writing a note to criticise value again (6)
27 After study wait at table, causing a jam (8)
28 Slip away to change please (6)
29 Bound to include many a woman, it's realised (8)

DOWN

1 A tradesman who'll give players a hand (6)
2 Lads use it—resulting possibly in exhaustion (9)
3 In winter sermons should be short! (5)
4 Come round, being concerned with insurance (7)
6 Given orders, put on a coat maybe (9)
7 Are no longer first (5)
8 The service balanced strain (8)
11 Open a French affair (4)
15 Blows up, finding no date set for reform (9)
17 A woman of authority not finishing a trip in early spring (9)
18 Traffic force cut by two thousand (8)
20 Stay or turn in very quietly (4)
21 Record deposit (3, 4)
22 Given guidance about information provided? What a tale! (6)
24 Country doctors are OK (5)
25 Put over a cereal food (5)

Solution to Puzzle No 6,031



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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AUTHORISED UNIT TRUSTS & INSURANCES

Clerical Medical/Fidelity—Cont.
Executive Investment Pension Plan
Prices on April 23. Unit dealings on Wednesday

Cash Fd	134.8	141.9		
Mixed Fd	187.9	197.8		
Fixed Int Fd	154.9	163.1		
UK Equity Fd	217.9	229.4		
Property Fd	128.4	135.2		
Overseas Fd	178.1	187.5		
Index Linked Fd	114.1	120.2		
Stock Ex Fd	151.9	160.0		
North Am Fd	112.3	118.2		
Far East Fd	119.5	125.8		
Special Sit. Fd	148.8	156.7		
Europ Fd	147.8	155.6		

Clerical Medical Managed Funds Ltd
15 St James's Sq, London SW1Y 4LQ 01-930 5474

Cash	166.9	166.9		
Mixed	273.9	280.7		
Fixed Interest	245.7	249.6		
UK Equity	319.8	327.4		
Property	147.1	153.7		
Overseas	271.8	285.4		
Index Linked	129.8	131.7		
Stock Exchange	157.1	161.0		

Prices on May 21. Unit dealings on Weds

Colonial Mutual Group
24 Ludgate Hill, London EC4P 4BD 01-248 9861

CML (Unit Assurances)

Key		154.33		
Paramount		179.17		
Cash	118.77	125.02		
Equity	221.62	233.28		
Fixed Interest	170.22	179.17		
Managed	193.66	203.86		
Property	191.37	201.44		

CML (Pension Annuities)—Rainbow Plans

Cash Cap	115.38	121.45		
Cash Inv	125.24	131.84		
Equity Cap	297.57	313.24		
Equity Inv	303.98	319.98		
Fixed Int Cap	181.35	190.91		
Fixed Int Inv	196.84	207.21		
Index Link Cap	115.00	121.06		
Index Link Inv	124.82	131.40		
Managed Cap	223.88	235.67		
Managed Inv	243.00	255.80		

Commercial Union Group
St Helen's, 1 Undershaft, London EC3 01-283 7500

Var Ann May 23		52.42		
Var (Acc) May 23		260.51		

Prime Series—Life

Managed	223.9	235.7	+0.3	
UK Equity	247.8	260.9	+0.5	
Int Equity	166.9	175.7	-0.1	
Property	123.7	130.3	-0.1	
Fixed Int	147.2	155.0	+0.2	
Index Lnkd Gt.	105.3	110.9		
Investment Tst	127.9	134.7	-0.5	
Cash	118.4	124.7	+0.1	

Prime Series—Pensions

Managed	229.9	242.0	+0.2	
UK Equity	262.2	276.1	+1.1	
Int Equity	179.2	188.7	+0.7	
Property	120.9	127.3	+0.1	
Fixed Int	143.1	150.7	+0.3	
Index Lnkd Gt	110.3	116.1		
Cash	123.0	129.5	+0.4	
Investment Tst	136.1	143.3	-0.6	

Continental Life Insurance PLC
64-70 High St, Croydon CR0 9AN 01-680 5225

Equity Acc	281.0	295.8		
Property Acc	279.0	293.7		
Int Acc	184.5	194.3		
Managed Acc	239.8	252.4		
Spec Sits Acc	210.5	221.7		
Investment Tst Acc	119.9	126.3		
Pen Int Acc	217.3	228.8		
Pen Prop Acc	390.6	411.2		
Pen Equity Acc	470.1	494.9		
Pen Mngd Acc	289.5	299.8		

Framlington Life Insurance Ltd
3 London Wall Buildings, EC2M 5NQ 01-628 5181

Pension Managed Fund	62.8	66.1		
Pension Cash Fund	57.6	60.7	+0.1	

Friends' Provident Life Office
Pixham End, Dorking (0306) 885055

Life Funds

Cash Accum	115.4	121.5	+0.1	
UK Eq Acc	175.1	184.7	+0.1	
Sh Participating Acc	156.1	164.3	+0.6	
Fixed Int Acc	132.4	139.2		
Index Linked Acc	105.0	110.6	-0.1	
Mixed Acc	151.6	159.6	+0.1	
Overseas Eq Fund	153.4	161.5	+0.3	
Property Acc	132.0	139.0		

Individual Pension Funds

Cash Cap	115.5	121.6		
Cash Acc	128.8	135.6		
UK Eq Cap	165.9	174.7	+0.3	
UK Eq Acc	184.4	194.2	+0.3	
Stewardship Cap	162.3	170.9	+2.9	
Stewardship Acc	173.5	182.7	+0.9	
Fixed Int Cap	133.0	140.1	+0.1	
Fixed Int Acc	148.0	155.8	+0.1	
Index Linked Cap	96.5	101.6	-0.1	
Index Linked Acc	107.3	113.0	-0.2	
Mixed Cap	146.2	153.9	+0.2	
Mixed Acc	162.6	171.2	+2.3	
Overseas Fund Cap	164.0	172.7	+0.6	
Overseas Acc	182.4	192.1	+0.7	
Property Cap	102.5	107.9		
Property Acc	114.0	120.1		

GT Management Ltd
8th Floor, 8 Devonshire Sq, EC2 01-283 2575

GT Plan Bond Fund	177.6	187.3	-0.1	
GT Pln High Yld Fnd	187.8	197.7	+0.6	
GT Plan Far East Fnd	161.5	170.0	+4.3	
GT Plan N Am Fund	154.9	163.1	+2.7	
GT Pln UK&G E Fnd	242.0	254.8	+2.3	
GT Pln Wrldwde Fnd	258.4	272.0	+2.5	
GT Pension Bnd Fnd	205.2	216.1	-0.1	
GT Pen High Yld Fd	237.4	249.9	+0.9	
GT Pen Far East Fd	226.8	238.8	+6.7	
GT Pen N Am Fd	251.3	293.5	+4.4	
GT Pen UK & G E Fd	295.8	311.4	+2.8	
GT Pen Worldwide Fd	292.1	307.5	+2.9	

Prices for Accum Units only

General Accident Linked Life Assurance(z)
20-24 Addiscombe Rd, Croydon CR9 5BS 01-686 0411

Managed	109.2	114.9	+0.7	
UK Equity	126.5	133.2	+0.1	
Fixed Interest	117.9	124.1	-0.1	
Index-Linked	103.8	109.3		
Cash Deposit	103.3	108.7		
Property	105.5	111.1		
International	97.4	102.5	+1.2	
American	91.4	96.2	+1.6	
Japan	111.2	117.1	+2.0	
Japan Smaller Co	117.1	123.3	+1.1	
Pen Man Acc	116.0	122.1	+0.7	
Pen UK Equity Acc	135.4	142.5	+0.4	
Pen Fixed Int Acc	119.8	126.1	+0.1	
Pen Ind-Linked Acc	106.9	112.5		
Pen Cash Dep Acc	108.3	114.0		
Pen Prop Acc	111.3	117.2		
Pen Inter Acc	106.8	112.4	+1.7	
Pen American Acc	101.4	106.7	+2.2	
Pen Japan Acc	124.4	130.9	+2.6	
Pen Jap Sm Co Acc	127.4	134.1	+1.5	

Assicurazioni GENERALI SpA
117 Fenchurch St, London EC3M 5DY 01-488 0733

Hambro Generali Gth	106.9	112.6		
Hambro Generali Pens	111.2	117.1		
Hambro Canadian	114.6	120.6		
Hambro Equity Inc	115.4	121.5		
Hambro European	113.0	119.0		
Hambro High Income	114.7	120.8		
Hambro Jap & Far E.	131.0	137.9		
Hambro Nth American	113.9	119.9		

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Inv Pol 1 May 23	452.4	452.4		—
Inv Pol 2 May 23	418.4	440.5		—
Inv Pol 3 May 23	410.1	431.7		—
Inv Pol Cash May 23	176.2	185.5		—
Mixed Fund	232.4	244.6		—
Equity Fund	272.1	286.5	+0.5	—
Property Fund	138.8	146.2	+0.8	—
International Fund	219.2	230.9		—
Fixed Int. Fund	196.4	206.8	+0.7	—
Index Stk. Fd	118.1	124.5	+0.7	—
Cash Fd.	130.4	137.3		—
Pens. Mixed Fd. Ord.	275.7	290.4	+0.1	—
Pens. Equity Fd. Ord.	310.1	326.5	+0.5	—
Pens. Prop. Fd. Ord.	157.7	166.1	+0.8	—
Pens. Int. Fd. Ord.	266.2	280.4	+0.1	—
Pens. Fxd. Int. Fd. Ord.	236.9	249.5	+0.3	—
Pens. Ind Stk. Fd. Ord.	127.1	133.9	+0.7	—
Pen. Cash Fd. Ord.	159.6	168.1	-0.1	—
PM Man May 27	1170.0	1170.0	+0.1	—
‡PM Gt Ex. May 27	1210.2	1210.2	+3.8	—
PM Prop May 27	147.6	157.6	+4.1	—
PM Cash May 27	175.3	175.3	+4.1	—
Ex Und Acc May 21	520.6	537.6	+0.2	—

Sentinel Life plc
2 Eyre Street Hill, EC1R 5AE 01 278 4488

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Managed	373.9	393.6	+1.3	—
Property	251.5	264.8		—
Fixed Int.	172.6	181.7	+1.2	—
UK Equity	445.1	468.6	+0.2	—
Int. Equity	275.8	300.5	-0.5	—
Deposit	152.4	160.5	-0.1	—
Managed Property	164.7	173.4	+0.4	—
American Eagle	111.5	117.4	+0.3	—
Technology	96.2	101.3	+0.5	—
Worldwide Income	147.8	155.6	-0.1	—
Pacific	132.2	139.0	+0.6	—
Australian	67.0	70.6	+0.4	—
Japan	245.0	257.9	+3.3	—
Malaysia & Singapore	68.0	71.6	+1.2	—
Commodity	85.1	89.6	+0.5	—
Energy	54.8	57.7	+0.2	—
Gold	41.2	46.1	+0.3	—
Financial	182.1	191.7	+0.6	—
Inc. Smlr	211.2	222.4	+0.7	—
Special Situation	192.0	202.1	-0.1	—
Preference	133.3	140.4		—
Managed Currency	86.0	90.6		—
European Spec. Sit.	155.2	163.4	-4.6	—
Sterling	2.1	—		

Pension Funds

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire 061-928 9011
High Int Chq Acc ... 10.50 7.85 11.43 Mth

Royal Bank of Scotland plc
24 Lombard St, London EC3V 9BA 031-557 0201
Premium Account ... 9.70 7.25 10.49 Qtr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 66966
H.I.B.A. ... 9.23 6.90 10.06 Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241
Demand Acc ... 9.65 7.21 10.43 Qtr
Money Acc ... 9.69 7.25 10.49 Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733
Special Acc ... 9.50 7.10 10.34 Mth
Over £10,000 ... 9.75 7.29 10.62 Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141
High Int Chq Acc ... 10.00 7.48 10.83 Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk.	44
BOC Grp.	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect.	17
Blue Circle	55	RHM	29
Boots	24	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons.	22	Turner Newall	18
Comm Union	28	Unilever	128
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs.	38
Glaxo	100	MEPC	32
Grand Met.	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit Oil & Min.	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd.	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	58

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Swiss silver refinery planned

By John Wicks in Zurich

THE SWISS Company Metaux Precieux SA Metalor, of Neuchatel, is in October to open a new silver refinery and processing unit with an annual capacity of some 200 tonnes.

The plant, being built in the neighbouring community of Marin, will cost about SwFr 30m (£10.6m). Although Metalor is a subsidiary of Swiss Bank Corporation, it will itself pay for this investment, part of the funds coming from the recent sale of a stake in the French precious-metals company CMP.

Metalor, one of Switzerland's leading processors of gold, silver, platinum and palladium, is also expanding elsewhere. Apart from the Marin plant and investments in its main Neuchatel facility, it recently acquired a shareholding of "more than 9 per cent" from Banque Paribas (Suisse) in the gold refinery Usine Genevoise de Decroissisage D'Or, of Meyrin.

While the CMP divestment was aimed at concentrating all refining capacities in Switzerland, the company said at a presentation in Neuchatel that it planned expansion abroad.

The company already has semi-products facilities in Spain, France and Hong Kong and a scrap recovery unit in Hong Kong, as well as sales subsidiaries in a number of countries.

It now plans to set up further sales outlets abroad. There might, however, be further semi-product or scrap-recovery projects.

● TEA production in Bangladesh has sunk to well below half of last year's level because of low rainfall and wastage of land, according to Commerce Ministry officials in Dhaka, reports Reuter. In the first four months of this year output from the country's 152 estates totalled 1.94m kilos, they said, compared with 4.46m kilos in the *corresponding period last year*. In the nine months to April Bangladesh tea exports totalled 28.86m kilos, up from 23m a year earlier. But earnings were down from $50.5m to $30.4m because of falling prices.

● BROKEN Hill Associated Smelters (BHAS) has suspended non-contract sales of lead and silver because of the closure of its base metal mines, which are the main source of raw material for the smelter at Port Pirie, South Australia. And the company's acting general manager, operations, Mr Jim Feetham, has warned that the Port Pirie smelter will probably have to shut down in mid-July if the mines have not reopened by then. A senior mining official said the mines could be shut for weeks after underground workers rejected a new pay award on Monday.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)
(tonnes)

Aluminium	−5,625 to 137,975
Copper	+325 to 133,375
Lead	−50 to 59,425
Nickel	+48 to 6,942
Tin	−1,375 to 56,415
Zinc	−3,600 to 56,475
(ounces)	
Silver	−530,000 to 38,532,000

Gas shortages on horizon

BY MAX WILKINSON, RESOURCES EDITOR

THE WORLD is floating on a bubble of natural gas which is likely to provide a comfortable surplus over the needs of most industrial countries for several years.

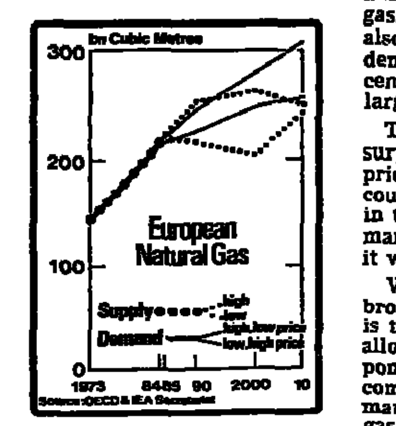
Prices have been falling steeply in the US as a result of partial deregulation which has allowed competition between gas producers and pipeline companies. Consumers in Europe have also benefited from weaker gas prices partly because of the competition from much cheaper oil.

But how long can this last? The latest study* by the International Energy Agency in Paris, which takes a long look up to the year 2010, concludes that the world probably has ample reserves for the period. However it is much less certain whether the necessary capital will be available to develop known and probable reserves and to build enough pipeline capacity to carry the gas to where it is needed.

The question has assumed increasing importance after the sharp fall in oil prices this spring (after much of the work for the IEA's survey was completed). Nevertheless the Agency was clearly anxious about the possible effect of a weakening of prices on supplies to a world which has become increasingly accustomed to the convenience of gas.

A gap between supply and demand on present assumptions seems likely to open up first in the US, which ha much the longest history of natural gas production. In 1945 the US produced 92 per cent of the world's total of 120bn cubic metres (bcm).

In Europe, by contrast the major growth in the natural gas market took place in the 1960s and 1970s. By 1984, 14 per cent of total primary energy demand in Europe was supplied by natural gas. Gas consumption was 60 per cent higher than in 1973. In North America, by contrast natural gas's share of the total energy market declined slightly over the period.



The outlook for supply in the US depends to a considerable extent on the availability of imports from Mexico and Canada during the next few decades, as well as the pace of exploration and development in the 48 states between Canada and Mexico.

However even the most optimistic projections of future supplies and the lowest projections of US demand for gas show a significant gap opening up early in the next century. *If demand were to grow at the* upper end of the forecast range the US could start to be short of gas in about a decade, and the crunch could come earlier if supplies are sluggish.

Since many US industrial plants are unable to switch between burning oil and gas, a shortage of natural gas could have important ramifications for the world oil market.

In Europe, the IEA projections suggest a rather easier let-down particularly if the Western European countries are content to depend more heavily on Soviet and Algerian gas. However the projections also show a gap between likely demand and suppply early next century—and possibly quite a large one.

The problem is that present surplus capacity is generating price signals which will discourage investment, particularly in the US. But by the time the market tightens as prices go up, it will be too late.

What should be done? broadly the agency's conclusion is that gas prices should not be allowed to fall too low in response to the present highly competitive state of the energy markets. In general it says that gas prices should reflect the cost to consumers of alternative energy supplies, and not marginal costs of production or historic costs.

This presents a major challenge to politicians on both sides of the Atlantic, especially those whose instinct is to "deregulate and be damned." In the present state of world *energy markets freer trade in* gas would drive prices down further. This is particularly true in the US where competing pipelines serve many urban centres and where a split market has already developed. In Europe the scope for such a move is more limited.

* *Natural Gas Prospects, IEA. 2 Rue André-Pascal, 75775 Paris Cedex 16, France.*

Brussels compromise on pig regime

BY QUENTIN PEEL IN BRUSSELS

FRANCE AND the UK yesterday won a *further month's protection for their pig farmers as* EEC Agriculture Ministers postponed an open and damaging split over their trade in pigmeat *and poultry products.*

Plans for a wide-ranging overhaul of the trade will now be presented by the European Commission next month, in response to pressure particularly from France for a change in the present system of import subsidies and export taxes.

The temporary suspension of that system of monetary compensatory amounts (MCAs) for pigmeat, poultry and eggs was one of the concessions won by Mr Francois Guillaume, the French Agriculture Minister, in exchange for his support for last month's farm price package.

It meant that pig farmers in Brittany in particular could compete more favourably with Dutch producers, who otherwise would enjoy an import subsidy *in France.*

Thanks to the complexity of EEC farm trade and regulations, the deal also meant extra protection for British pig farmers *from* Danish and Irish imports —a side-effect which yesterlay threatened to upset the chance of a compromise.

Oenmark and Ireland opposed any extension of the system for that reason, while Belgium opposed it because of the protection afforded to France and West Germany was upset because Dutch and Danish bacon might be diverted onto the German market.

Mr Michael Jopling, the British Agriculture Minister, fought off any suggestion that the deal should be allowed to France alone—on the grounds that such special treatment would then give an unfair advantage to French poultry producers selling to the British market.

The MCA regime governing pigmeat, poultry and eggs is one of the most peculiar and theoretical in the whole theology of the Common Agricultural Policy, based entirely on the concept that pigs and chickens are not creatures in their own right, but merely forms of processed cereals. France has long argued that as some pigs are fed on cereal substitutes—particularly in the Netherlands—this cannot be true.

● British Government veterinary officers are trying to trace the source of the country's worst outbreak of classical swine fever for 15 years amid fears it could hit pigmeat exports.

The Ministry of Agriculture said it had ordered the slaughter of more than 5,000 pigs with the disease, which has been traced to pigs sold in a market in Gloucester, West England, on April 21.

Pepper supply shortfall forecast

BY ANDREW GOWERS

EXPORTABLE production of pepper will this year be 20,000 tonnes short of demand (equivalent to about two months' supply), according to the International Pepper Community, a grouping of the four major pepper producing countries.

Pepper prices have risen to record levels over the past two years in anticipation of a shortage, although they have fallen some way since reaching highs of around $7,200 a tonne for white pepper and $4,400 for so-called "black special" earlier this year.

Traders Man-Producten of Rotterdam forecast last December that supplies of pepper—hit by a succession of poor crops in Indonesia and *Brazil*—would drop to an all-time low this season. The company said production would fall well short of consumption in 1985-86 for the third consecutive year.

The other two main producers are India and Malaysia. Between them, the four members of the IPC, which has just completed its annual meeting in Rotterdam, control about 92 per cent of world production.

Harsh spring leaves its mark

By John Cherrington

AFTER THE bitterly cold, late spring the crops and grass on my farm are looking a better colour—dark green and with a fair cover, but in no way lush. Looked at from the ground the winter wheat and barley does not seem too bad, but the vertical view would show many bare patches where frost killed out the plants and others where recovery was so late that there is only a sprinkling of them.

After a winter like the last one it is a matter of fine judgment as to whether the crop should be ripped up and replanted or left to take its chance. It has been my experience that it is not the thickness of the crop which makes the yield but the size of the grain on the individual stem. One sows thickly partly to insure because the experts tell us we should. We would never forgive ourselves if by sowing thinly we damaged our chances of harvesting a worthwhile yield.

Driving around the country one can also see the benefit of what might be called better land. There are in the southern counties large areas of chalk and gravelly soils which will yield well in good years but which did not seem to be able to stand the pace during this last winter. They look rather worse perhaps than they really are because the bare white soil shows up in sharp contrast to *the green of the crop.*

It is also abundantly clear that altitude has been of great importance. I am bitterly jealous of my neighbours at much lower altitudes who seem to have crops at a much later state of development than my own. I should not really complain, however. When I came to Hampshire 50 years ago I could have had my pick of the county. The light chalk land was selling or letting at a discount whereas the clay soil I chose had a higher rainfall and would grow much better grass. I was a dairy farmer then and all I thought about was grass.

This year's frost was not the only problem. After the wet harvest last year there was an 8-week drought. As a result on the lighter land many wheat and barley plants were severely weakened and had not made sufficient root growth to stand the harsh conditions of the late winter. I only have a few acres *of this light chalk soil and my* clay lands stood the conditions much better.

There is a formula for calculating the future of the crop by counting the number of plants per square metre but I have never bothered to do it because once the plants are really ready for counting it is too late to sow anything else. I prefer to wait for the harvest in a state of hopeful ignorance rather than with the expectation of certain disaster. And without doubt there have been times when thanks to the spring and late summer weather harvests have been much better than could have been hoped for. Last year for instance the crops at this time looked the best I had ever had and were about the worst when it came to harvest.

The best crops around seem to be the spring barleys. They germinated well and enjoy the drippy weather we have had this month. Spring barley had been going out of fashion because of lower yields than that sown in autumn but I was never really successful with winter barley, which was much more variable in yield, needed more fertiliser and put too much pressure on my men and equipment at autumn sowing.

Oil seed rape is still very backward. Flying across southern England last week it seemed to me that flowering had been very ragged and I can hardly see good yields. Potato and sugar beet planting has been delayed but here it must be remembered that the season is already late and these crops can take off with higher temperatures, should they ever arrive.

Some dairy farmers have begun silage making and nearly all must have been able to turn their cows to grass. Many dairymen told me that they had been unable to turn out until well into May because the land was so wet that the cows hooves would have trodden the pastures to ruin.

My only grassland enterprise is a sheepflock for producing lambs. I nearly said "fat lambs," but fat is a nasty word these days. I certainly will not be having many of that category this time. I had quite a good number born but it has been the worst year that I remember for keeping the lambs alive and the ewes in milk. Part of the trouble was last autumn's drought, which killed the freshly sown grass seeds. So all my lambs had to go on stale sheep pasture, on which they seldom thrive, and required constant drenching to prevent the spread of worms. I shall sell none in June unless I am very lucky.

They have plenty of grass now but they also need *sunshine* and that has been very short this spring. There was also a lack of sun last year at this time and it went on so long that we sold very few fat lambs. I always believe that a summer which suits lamb fattening, a really warm one, also guarantees a good wheat yield. By the first of July last year I was prophesying poor wheat yields, and I was right. My sheep costs went well over budget for feed and labour. But in the circumstances of this *spring there was no chance of* keeping to budgetted costs and keeping the sheep alive.

What we know absolutely nothing about is how we are going to *sell our cereals this* autumn. Intervention for bread making wheat is being reintroduced but the qualifications for acceptance are most unclear. There will be a 3 per cent responsibility levy about which the traders, compounders and maltsters are incensed because they fear that someone somewhere will get an advantage. There is as yet no certainty as to when the cereal year will actually start and when the intervention grain will be paid for.

Not that all grain will go to intervention of course but it does set market prices for the bulk of the harvest and I would dearly love to know at what levels the market will open.

LONDON MARKETS

LONDON coffee futures values ended sharply lower after a confused day's trading yesterday. Steady sentiment was encouraged during the morning by news that Colombia had introduced a 15 per cent limit on export rebates and talk that Colombia was well sold after recent exceptionally heavy sales. But selling pressure in New York soon after the opening there took London traders by surprise and prices fell away quickly. The July position closed at £1,952.50 a tonne, down £75.50 on the day. On the London Metal Exchange copper, aluminium and nickel all lost ground but lead and zinc maintained the recent firmer tone. Despite easing from the highs cash zinc ended the day £2.50 up at £484.50 a tonne. Concern about the strike situation at Broken Hill Mines in Australia continued to affect sentiment.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	756.5-9.5	—3.5	765/765
3 months	756.5-7.5	—3.25	761/755

Official closing (am): Cash 765-6 (769-70), three months 760-1 (769-70), settlement 766 (770). Final Kerb close: 754-5. Turnover: 30,250 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	927-8	—4	933/931
3 months*	940-1	—3.75	945/938

Official closing (am): Cash 931.5-2.5, three months 943-3.5 (948.5-7.5), settlement 932.5 (935). Final Kerb close: 938-9.

CATHODES

Cathodes			
Cash	910-2	—6	915/914
3 months*	926-8	—2	—

Official closing (am): Cash 913-4 (917-8), three months 929-31 (934-5), settlement 914 (918). Turnover: 34,600 tonnes. US Producer prices 64.5-71 cents a pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	254.5-5	+6.75	255/255
3 months	258-8.5	+5	261/254

Official closing (am): Cash 254.75-5 (248.5-8.95), three months 259.5-60 (254.5-5), settlement 255 (249.5). Final Kerb close: 261-2. Turnover: 19,200 tonnes. US Spot: 19.25-20 cents a pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2660-70	—12.5	2690/2689
3 months	2725-30	—19	2750/2725

Official closing (am): Cash 2,675-85 (2,710-5), three months 2,740-2 (2,765-8), settlement 2,685 (2,715). Final Kerb close: 2,725-30. Turnover: 1,458 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 14.29 (14.01) ringgit per kg. Up 0.13 ringgit per kg.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	484-5	+2.5	489.4/489.5
3 months	495-6	+2.75	501/496

Official closing (am): Cash 489-90 (481-1.5), three months 500-0.5 (492.5-3), settlement 490 (481.5). Final Kerb close: 494.5-5. Turnover: 17,800 tonnes. US Prime Western: 33.5-35.75 cents *a pound.*

GOLD

Gold closed unchanged at $342-342½ after a quiet day on the London bullion market. It opened at $340¾-341¼ and was fixed at $341.15 in the morning and $341.50 in the afternoon. The metal touched a peak of $342¼-342¾ and a low of $340¾-341¼.

GOLD BULLION (fine ounce) May 27

Close	$342-342½	(£228½-229)
Opening	$340¾-341¼	(£228-228½)
M'nl'g fix	$341.15	(£228.314)
Aft'n'n fix	$341.50	(£228.345)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$341½-342¼	(£227¼-227¾)
½ Krug.	$179¼-180½	(£119¼-120)
¼ Krug.	$91¼-92¼	(£60¾-61½)
1/10 Krug.	$37-37¾	(£24½-25)
Mapleleaf	$351½-352¼	(£233¾-234¼)
Angel	$348¾-350¾	(£232-233¼)
1/10 Angel	$34-39	(£22½-26)
New Sov.	$81-81½	(£54-54¼)
Old Sov.	$86½-88	(£57½-58½)
$20 Eagle	$430-470	(£286-312¼)
NoblePlat	$425¼-430	(£283-286)

SILVER

Silver was fixed 6p an ounce higher for spot delivery on the London bullion market yesterday at 341.15p. US cent equivalents of the fixing levels were: spot 508.20c, up 9.0c; three-month 517.80, up 9.55c; six-month 527c, up 10.20c; and 12-month 545.10c, up 9.80c. The metal opened at 340-341½p (508-510c), and closed at 341½-343p (511-513c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	341.15p	+6.00	339.5p	—1.5
3 months	349.35p	+6.45	348p	—1.25
6 months	357.55p	+6.75	—	—
12 months	372.65p	+6.55	—	—

LME—Turnover: 117 (14) lots of 10,000 oz.

Cash high/low 339p; thre months high 349p, low 346.5p, final kerb 345-8p.

MEAT

The market was sharply higher due to the recent outbreak of swine fever but trade selling remains above current market levels, reports Eastern Capital CCST.

Pigmeat sales: 16 (0) lots of 50 carcases: 3,250 kg.

Beef sales: 0 (1) lots of 20 sides.

Month	PIGMEAT Y'days close	+ or —	BEEF Y'days close	+ or —
May	—	—	—	—
June	105.90	+1.90	195.00	+5.20
July	105.00	+1.60	190.00	—
Aug.	102.80	+0.30	184.00	—0.50
Sep.	*109.30*	+1.00	*185.00*	+0.50

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 103.00p per kg lw (+0.17). GB—Sheep 223.16p per kg est dcw (−24.90). *GB—Pigs* 79.82p per kg lw (+1.30).

INDICES

REUTERS

May 27	May 23	M'th ago	Year ago
1766.8	1760.5	1781.8	1827.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 23	May 22	Month ago	Year ago
Spot	126.57	126.23	—	118.93
Fut.	118.21	117.95	—	121.45

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	May 27 1986	+ or —	Month ago
Aluminium			
Free Market	$1255/265	......	$1320/34
Copper			
Cash h Grade	£927.5	—4	£919.5
3 mths	£940.5	—3.75	£932.25
Gold Troy oz	$342.25	......	$345.75
Lead Cash	£254.75	+6.75	£233.5
3 mths	£258.25	+5	£241.25
Nickel			
Free Mkt	182/202c	—2	180/200c
Palladium oz	$109.80	+0.05	$109.35
Platinum oz	$413.40	+4.40	$421.25
Quicksilver†	$205/215	......	$220/230
Silver troy oz	341.15p	+6.0	394.40p
3 months	349.35p	+6.45	332.45p
Tin			
free mkt	£3580/750	+30	£3650/80
Tungsten	$59.13	......	$62.07
Wolfram 22.0lb	$45/55	......	$45/55
Zinc	£484.5	+2.5	£439.5
5 months	£495.5	+2.75	£450.5
producers	$700/750	......	$700/750
OILS			
Coconut (Phil)	$240u	......	$352.5
Palm Malayan	$242.5z	......	$245
Copra Phil	$145x	......	$160
Soyabean (U.S.)	$154x	......	$148
GRAINS			
Barley Fut.Sept.	£97.9 0	+0.10	£98.90
Maize	£139.00	......	£144.00
Wheat Fut Sept.	£99.10	+0.05	£116.00
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. July	£1313	+2.5	£1506.5
Coffee Ft. July	£1952.5	—75.5	£2954
Cotton A Ind.*	44.50c	—0.1	47.10c
Gas Oil July	$13.15	—2	$135.25
Rubber(kilo)	58.25p	+0.25	54.5p
Sugar (raw)	$177u	+3.5	$198.5
Wooltops 64s	435p kilo	......	419p kilo

‡ Unquoted. †Per 75-lb flask. c Cents per pound. w June. x May-June. z July. u June-July. * Cotton Outlook.

COCOA

Initially steady, futures traded actvely in a narrow range before easing to close only marginally higher. Physical interest was restricted to nearby second-hand business with both producers and consumers withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1311-1318	+6.0	1325-1312
July	1312-1314	+2.5	1332-1312
Sept.	1358-1359	+6.0	1354-1335
Dec.	1376-1377	+5.5	1386-1374
March	1407-1409	+11.0	1418-1404
May	1423-1424	+10.0	1455-1422
July	1439-1440	+11.0	1448-1449

Sales: 3,660 (2,793) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for May 27: 86.66 (86.31); five-day average for May 28: 86.17 (85.99).

COFFEE

Following a week close in New York on Friday the London market opened £30-£40 lower but quickly staged a rally on trade short-covering, reports *Drexel Burnham Lambert.* Bearish influences began to dominate, especially after a further poor New York performance, and values tumbled after commission house selling.

COFFEE	Yesterday Close	+ or —	Business Done
May	1925-1950	—69.5	1968-1938
July	1950-1955	—75.5	2040-1940
Sept.	1990-1995	—70.5	2080-1990
Nov.	2025-2035	—52.5	2110-2025
Jan	2040-2050	—78.8	2110-2055
Mar.	2065-2070	—85.0	2159-2075
May	2075-2115	—87.5	2148

Sales: 4,469 (2,727) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 23: Comp. daily 1979 170.29 (171.93); 15-day average 178.68 (180.19).

SOYABEAN MEAL

	Latest close £ per tonne	+ or —	Business Done
June	128.8-128.0	—0.90	—
August	124.0-125.0	—0.65	125.0-124.8
October	124.0-125.5	—0.55	—
Dec.	125.0-128.5	—0.55	—
Feb.	129.0-127.5	—1.85	—
Apr.	129.0-130.5	—0.80	—
June	128.5-128.5	—1.35	—

Sales: 175 (388) lots of 20 tonnes. Business done—Wheat: July 113.35-

GRAINS

Old croy wheat eased on stop-loss selling, while new crops traded around unchanged levels, reports T. G. Roddick.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	—	—	—	—
July	113.35	—0.15	—	—
Sept.	99.10	+0.05	97.90	+0.10
Nov.	101.60	—	101.00	+0.05
Jan	104.90	—0.05	104.00	+0.05
Mar	107.40	—	106.70	+0.05

Business done—Wheat: July 113-35-3.30, Sept 99.10-9.00, Nov 101.70-1.60, Jan 104.90-4.85, March 107.40 only. *Sales:* 81 lots of 100 tonnes. *Barley:* Sept 97.90 only, Nov untraded, Jan 104.00 only, March 106.65 only. Sales: 9 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No. 1 15 per cent. *June* 118.75, July 113.25, Aug *102.25* transhipment east coast. US No. 2 soft red winter, July 92.25, Aug 92.75. EEC, May 130.00. English feed fob, May 117.00 seller, June 117.50/118.00 buyer/seller, Sept 100.50, Oct 103.50, Oct/Dec 105.50 seller, Jan/March 110.00/110.50 buyer/seller. Maize: US No. 3 yellow/French transhipment east coast. May 139.00. Barley: English feed fob, Aug 99.50, Sept 101.00, Oct/Dec 105.50, Jan/March 110.50 sellers.

HGCA—Locational ex-farm spot prices. Feed barley: N. West 114.30. The UK monetary coefficient for the week beginning Monday June 2 (based on HGCA calculations using 5 days' exchange rates) is expected to *change* to 1.091.

JUTE

JUTE—May/June c and f Dundee: *BTC $420, BWC $420, BTD $360,* BWD $360 c and f Antwerp: BTC $400, BWC $400, BWD $360, BTD $350.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing May 19 amounted to 1,443 tonnes against only 394 tonnes in the previous week. Improved demand brought business in Israeli, Pakistani, Sudanese, West African, *Spanish and American* varieties.

US MARKETS

MANY MARKETS showed only sluggish activity, with coffee yet again providing the main interest amongst the softs, reports Heinold Commodities. The wild movements of the previous week were continued as the leading July contract dipped below 200c on heavy hedge selling led by the trade, and the market reached its lowest level since December 1985. The penetration of the psychologically important 200c level was feared to bring a wave of stop-loss selling, but commission house short-covering along with chart buying rallied the market to close just over 4c down on the day. The crude oil market came under pressure again.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	52.35	—	—	52.25
June	52.35	—	—	52.25
July	52.40	52.60	52.20	52.30
Sept	52.60	52.75	52.35	52.50
Dec	52.90	52.65	52.65	52.80
Jan	53.00	—	—	52.90
March	53.15	—	—	53.05
May	53.25	—	—	53.15
July	53.35	—	—	53.25
Sept	53.45	—	—	53.35

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1778	1780	1764	1775
Sept	1836	1845	1820	1831
Dec	1877	1880	1870	1875
March	1925	1923	1910	1916
May	1950	1945	1945	1945
July	1980	1985	1985	1973
Sept	2000	1975	1975	1985

COFFEE "C" 37,500 lbs, cents/lbs

	Close	High	Low	Prev
July	203.98	209.00	198.00	208.03
Sept	207.65	211.00	202.25	213.21
Dec	214.50	215.50	214.60	218.50
March	216.00	217.00	216.00	220.00
May	219.50	—	—	223.50
July	220.50	220.50	220.50	224.50
Sept	223.00	—	—	227.00
Dec	214.50	215.50	214.50	218.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	62.30	62.05	61.90	61.80
June	62.35	—	—	61.85
July	62.65	62.70	62.05	62.15
Sept	63.05	63.09	62.45	62.55
Dec	63.45	63.45	62.85	62.95
Jan	63.60	—	—	63.10
March	63.85	63.55	63.35	63.40
May	64.15	—	—	63.70
July	64.45	64.30	64.30	64.00
Sept	64.80	—	—	64.35

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	67.45	67.45	66.60	66.59
Oct	35.12	35.60	35.10	36.05
Dec	35.27	36.90	35.25	36.19
March	36.30	36.70	36.30	37.20
May	37.20	37.40	37.20	37.75
July	37.90	38.40	37.90	38.60
Oct	38.49	39.50	39.50	39.62

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
July	15.09	15.47	15.05	15.59
August	14.55	14.88	14.50	15.02
Sept	14.25	14.50	14.18	14.69
Oct	14.10	14.30	14.04	14.50
Nov	14.00	14.15	13.90	14.35
Dec	13.95	14.20	13.90	14.22
Jan	14.00	14.00	13.78	14.12
Feb	13.70	13.90	13.70	14.04
March	13.60	13.95	13.60	13.96
April	13.85	—	—	13.89

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	341.9	—	—	342.4
June	341.8	342.7	341.3	342.4
July	343.4	—	—	343.0
Aug	345.0	345.8	344.3	345.7
Oct	348.2	349.0	348.6	349.0
Dec	351.7	352.6	352.4	352.5
Feb	355.4	356.5	356.1	356.2
April	359.0	—	—	359.8
June	362.7	362.9	362.9	363.5
Aug	366.7	367.5	367.5	367.5
Oct	370.7	—	—	371.6
Dec	375.0	376.7	375.0	375.9
Feb	379.5	381.2	381.2	380.4

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
June	43.40	44.50	43.40	44.89
July	42.15	43.05	41.90	43.24
August	42.30	43.00	42.05	43.13
Sept	42.90	43.55	42.80	43.60
Oct	43.50	44.00	43.30	44.10
Nov	43.90	44.40	43.90	44.50
Dec	44.30	44.85	44.30	44.90
Jan	44.70	45.00	44.75	44.98
Feb	44.40	44.60	44.40	44.44
March	41.50	—	—	42.14

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	86.20	88.30	[illegible]	[illegible]
Sept	88.25	89.30	87.80	[illegible]
Nov	88.25	88.30	87.70	88.75
Jan	88.75	89.10	88.40	88.60
March	89.05	89.30	88.90	[illegible]
July	89.35	—	—	89.70
Sept	89.35	—	—	89.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	411.6	411.5	411.5	[illegible]
June	412.3	—	—	[illegible]
July	413.1	417.5	[illegible]	[illegible]
Oct	416.1	420.0	[illegible]	[illegible]
Jan	418.1	421.8	[illegible]	[illegible]
April	420.8	421.5	[illegible]	[illegible]
July	424.1	—	—	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	513.8	517.0	[illegible]	[illegible]
June	514.7	509.5	[illegible]	[illegible]
July	517.8	522.5	[illegible]	[illegible]
Sept	523.3	525.8	[illegible]	[illegible]
Dec	532.6	538.0	[illegible]	[illegible]
Jan	535.7	535.0	[illegible]	[illegible]
March	541.8	542.0	[illegible]	[illegible]
May	548.4	547.0	[illegible]	[illegible]
July	555.0	[illegible]	[illegible]	[illegible]
Sept	561.3	562.5	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	7.41	7.58	7.35	7.43
Sept	7.54	7.68	[illegible]	7.57
Oct	7.66	7.86	[illegible]	7.71
Jan	7.82	7.73	[illegible]	[illegible]
March	8.08	8.28	[illegible]	[illegible]
July	8.37	8.50	[illegible]	[illegible]
Sept	8.48	—	—	[illegible]
Oct	8.48	—	—	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	54.27	55.45	[illegible]	[illegible]
Aug	51.60	52.47	[illegible]	[illegible]
Oct	50.82	51.50	[illegible]	[illegible]
Dec	52.62	53.25	[illegible]	[illegible]
Feb	52.97	53.75	[illegible]	[illegible]
April	54.40	54.90	[illegible]	[illegible]
June	55.50	—	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	48.75	49.00	[illegible]	[illegible]
July	47.70	48.32	[illegible]	[illegible]
Aug	45.55	46.30	[illegible]	[illegible]
Oct	41.20	41.40	[illegible]	[illegible]
Dec	41.85	42.20	[illegible]	41.85
Feb	41.75	42.20	[illegible]	41.75
April	38.85	38.85	[illegible]	[illegible]
June	41.00	41.00	[illegible]	[illegible]
July	40.80	41.00	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56lb bushel

	Close	High	Low	Prev
July	226.8	236.4	[illegible]	[illegible]
Sept	202.2	205.0	[illegible]	[illegible]
Dec	195.2	199.0	[illegible]	[illegible]
March	204.6	208.0	[illegible]	[illegible]
May	210.0	213.0	[illegible]	[illegible]
July	210.0	211.0	210.0	212.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	64.57	64.90	[illegible]	62.67
Aug	62.92	63.07	61.85	61.07
Feb	60.67	61.20	60.05	59.57
March	59.65	60.10	59.50	58.65
July	61.20	61.50	—	61.30

SOYABEANS 5,000 bu min, cents/60lb bushel

	Close	High	Low	Prev
July	532.4	536.0	530.0	532.2
Aug	526.4	529.0	524.8	526.4
Sept	515.6	518.0	514.4	516.6
Nov	512.6	515.9	511.2	514.6
Jan	521.2	523.4	520.4	522.6
March	529.4	532.4	529.0	533.0
May	535.0	537.4	535.6	538.0
July	537.4	540.9	537.4	540.9
Aug	538.4	—	—	539.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	147.6	148.6	146.8	147.6
Aug	147.2	148.4	146.7	147.5
Sept	145.5	147.0	146.3	146.5
Oct	145.2	146.0	144.8	146.0
Dec	146.2	146.9	145.5	146.9
Jan	147.0	147.5	146.5	147.5
March	149.6	151.0	149.6	150.5
May	152.4	154.0	152.0	153.5

SOYABEAN OIL 60,000 lbs, cents/lbs

	Close	High	Low	Prev
July	18.36	18.71	18.30	18.57
Aug	18.42	18.75	18.38	18.59
Sept	18.47	18.75	18.45	18.50
Oct	18.40	18.82	18.26	18.62
Dec	18.62	18.85	18.53	18.62
Jan	18.75	18.90	18.75	18.87
March	19.15	19.25	19.06	19.30
May	19.37	19.40	19.27	19.02

WHEAT 5,000 bu min, cents/60lb bushel

	Close	High	Low	Prev
July	255.4	258.2	254.4	255.6
Sept	256.6	259.4	255.6	257.4
Dec	265.0	268.2	264.4	267.0
March	265.2	268.4	265.2	267.6
May	257.4	262.0	257.4	261.6
July	245.0	248.0	245.0	249.0

SPOT PRICES—Chicago loose lard 10.00 (same) cents per pound. Handy and Harman silver bullion 510.5 (516.0) cents per troy ounce.

RUBBER

PHYSICALS — The London market *opened* about unchanged, drifted throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): Spot 58.25p (58.00p): July 56.00p (same), August 56.25p. The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 202.5 (202.0) and SMR 20 185.0 (186.5).

FUTURES—Index 552, June 553-557, July-Sept 548-552, Oct-Dec 553-557, Jan-March 567-570, April-June 555-558, July-Sept 583-590. Sales: 9.

POTATOES

Fine weekend weather and good planting progress encouraged selling on the opening, and with some stoploss sellings levels struck at £120.00, basis April, values fell sharply, closing a little off the lows, reports Coley and Harper.

Month	Yesterdays close £ per tonne	Previous close	Business done
Nov	86.80	91.40	90.00-87.00
Feb	95.00	99.50	95.00
Apr	117.50	125.90	121.00-116.50
May	127.00	137.50	129.00-127.00
Nov	87.50	87.50	

Sales: 803 (567) lots of 40 tonnes. Earlies—July £106.00, −3.50. Sales: 0 lots of 10 tonnes.

FREIGHT FUTURES

A lack of news led to a quiet dry cargo market and levels eased back slightly. Tanker rates moved higher against continued, healthy enquiry in the physical market from the prime loading areas, reports Clarkson Wolff.

Dry Cargo	Close	High/Low	Prev.
July	643/644	643/640	647/648
Oct.	725/726	730/724	732/734
Jan.	745/755	750	755/759
April	794/800	794	799/805
July	710/725	—	700/750
Oct.	800/810	—	795/850
Jan.	900	—	850/870
Apr.	850/900	—	850/900
BFI.	658.5		664.0

Turnover: 153 (101).

Tankers	Close	High/Low	Prev.
May	1380/1460	—	1180/1350
June	1129/1145	1135	1080/1100
July	935/1085	1025	1000/1085
Sep	1050/1100	—	1050/1105
Dec	1075/1100	—	1050/1105
Mar	1150/1200	—	1100/1200
BTI	1346.5	—	1277.6

Turnover: 12 (27).

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.40-11.50	−0.35
Brent Blend	14.05-14.15	−0.40
W.T.I. (1pm est)	15.25-15.30	n/a
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	197-199	−1
Gas Oil	129-131	−3
Heavy fuel oil	48-50	—
Naphtha	140-143	+1.5

In the 15-day market, June Brent found little interest in very quiet and thin conditions. Nymex WTI opened 24c down for July and fluctuated 10-15c up and down in lacklustre trade. In the petroleum products market gas oil fell as a result of poor end-user buying interest. Naphtha stabilised on end-user demand. Heavy fuel prices remained stable in thin trade—Petroleum Argus, London.

GAS OIL FUTURES

Month	Yest'day's Close $ US per tonne	+ or —	Business Done
June	133.00	−1.50	135.50-31.25
July	131.50	−2.00	135.00-31.00
Aug	132.50	−1.00	135.50-32.00
Sep	134.00	−1.25	134.25-33.25
Oct	135.25	−0.25	135.75-35.00
Nov	136.25	−1.25	139.25-35.00
Dec	138.75	+3.75	

SUGAR

PARIS—(FFr per tonne): Aug 1461-1464, Oct 1495-1505, Dec 1510-1530, March 1545-1562, May 1585-1600, Aug 1630-1650.

No. 6 Contract	Yesterday close $ per tonne F.O.B.	Previous close	Business done
Aug	167.0-167.4	168.4-168.8	178.5-167.0
Oct	171.8-172.0	174.4-174.8	178.2-172.0
Dec	175.0-175.8	177.4-178.0	—
Mar	180.8-181.0	183.2-183.4	186.8-181.0
May	184.4-185.0	186.2-187.0	—
Aug	188.0-189.0	189.8-191.0	—
Oct	192.0-195.0	195.0-196.5	—

LONDON DAILY PRICE—Raw sugar $177.00 (118.50), up $3.50 (up £2.00) a tonne for June-July delivery. White sugar $199.00, up $3.50.

Sales: 1,500 (1,515) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £224.00 (£222.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for May 22: Daily price 6.93 (same); 15-day average 7.85 (7.85).

No. 6 cif contract—Aug 180.0-90.0; Oct 191.0-4.4. Sales: 3 lots of 50 tonnes.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar fails to break DM2.30

The dollar finished slightly weaker on the day. There were no new factors, with dealers waiting for further economic guidance from tomorrow's US leading indicators and Friday's US trade figures. Failure to break through resistance points at DM 2.30, SFr 1.90 and Y170, after pushing up close to, or above, these levels during the morning, led to dollar selling later in the day. Trading was quiet after holidays in the US and Britain on Monday and ahead of a religious holiday in West Germany tomorrow. On the same day senior foreign exchange dealers gather in Dublin for a meeting of the International Forex Club.

The dollar eased to DM 2.2735 from DM 2.2750; to FFr 7.24 from FFr 7.2425; to SFr 1.8810 from SGr 1.8850; and to Y169.25 from Y169.65. On Bank of England figures the dollar's index was unchanged at 116.7.

STERLING. — Trading range against the dollar in 1986 is 1.5555 to 1.3770. April average 1.4988. Exchange rate index traded at 76.2 throughout, a rise of 0.4 from Friday's close, and compared with 80.5 six months ago.

Sterling improved against all major currencies, including the dollar, supported by expectations that there will be no further cuts in UK interest rates in the near future. An easing of oil prices on the European market failed to depress the pound, and there was also no reaction to forecasts of a current account deficit in the April trade figures to be published today. The pound gained 1 cent to $1.5055-1.5065, and also rose to DM 3.4250 from DM 3.4050; to FFr 10.9050 from FFr 10.8350; to SFr 2.8325 from SFr 2.82; and to Y255 from Y253.75. Rumours of sterling's entry into the EMS at the weekend proved false, and this also boosted the pound against the D-mark, and other members

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. April average 2.2723. Exchange rate index 133.7 against 128.8 six months ago.

The D-mark lost a little ground to the dollar in Frankfurt yesterdal, but trading was very quiet. The dollar closed at DM 2.2855 in Frankfurt, compared with DM 2.2805 on Monday, but fell back from the morning high of DM 2.2960. The Bundesbank did not intervene when the dollar was fixed at DM 2.2940, against DM 2.2807. Political controversy in West Germany over nuclear power policy, following the accident to the Chernobyl reactor in the Soviet Union, provided some underlying support for the dollar, but there was some evidence that dealers were running long positions in anticipation of the US currency breaking through DM 2.30, but that demand in a thin market proved insufficient.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.05. April average 175.05. Exchange rate index 204.2 against 179.1 six months ago.

The yen showed little change against the dollar in quiet Tokyo trading. In the absence of incentives the dollar closed at Y169.68, compared with Y169.75 on Monday. After opening at Y169.73 the dollar fell to a low of 169.65 on selling by Japanese exporters. The US currency then recovered on buying by securities houses, but lost ground again towards the close on selling by a large institutional investor. The Japanese Government is expected to try to stabilise the yen around its present level, ahead of a general election, likely in early July. An election was considered almost certain after news that there will be an extraordinary session of Parliament in June. On the other hand, the Reagan Administration may look for an appreciation of the yen against the dollar, ahead of mid-term US elections in November. Friday's US trade figures, and the size of the deficit with Japan, are expected to be a key factor in deciding the future direction of both currencies.

£ IN NEW YORK

	Latest	May. 27	Prev. close
£ Spot	$1.5020-1.5050	$1.4900-1.4915	
1 month	0.40-0.37pm	0.42-0.41pm	
3 months	1.08-1.04pm	1.10-1.07pm	
12 months	3.04-2.92pm	3.18-3.08pm	

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

May 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4900-1.5065	1.5055-1.5065	0.40-0.37c pm	3.06	1.07-1.03pm	2.80
Canada	2.0435-2.0660	1.0630-2.0660	0.28-0.19c pm	1.37	0.78-0.62pm	1.34
Nethlnd.	3.83¾-3.85¾	3.84¾-3.85¾	1¼-1⅛c pm	4.28	3¼-3⅛pm	3.81
Belgium	69.55-70.01	69.90-70.00	17-12c pm	2.48	44-36pm	2.28
Denmark	12.61¾-12.67¾	12.65¾-12.66¾	3½-2¾ore pm	3.67	8-6⅞pm	2.34
Ireland	1.1200-1.1270	1.1225-1.1235	0.05p pm-0.05dis	—	0.05pm-.10d	−0.14
W. Ger.	3.41-3.42½	3.42-3.43	1⅝-1½pf pm	5.67	4½-4¼pm	5.03
Portugal	224½-229¾	226¾-228¾	85-315c dis	−10.51	245-855dis	−9.63
Spain	217.05-217.60	217.05-217.35	24-61c dis	−2.34	58-170dis	−2.09
Italy	2335¾-2350	2349-2350	1-6 lire dis	−1.78	8-14dis	−1.87
Norway	11.52-11.61	11.60-11.61	3⅝-4¾ore dis	−4.47	10½-11½dis	−3.78
France	10.85¾-10.91½	10.90-10.91	2⅝-2⅛c pm	2.72	6⅞-6⅜pm	2.38
Sweden	10.85¾-10.93½	10.92½-10.93½	¼-¾ore dis	−0.54	1½-2½dis	−0.64
Japan	253-225½	254½-155½	1.19-1.06y pm	5.34	3.22-3.07pm	4.93
Austria	23.99-24.13	24.10-24.13	11-9½gro pm	5.16	28¾-25¾pm	4.52
Switz.	2.82-2.83¾	2.82¾-2.83¾	1⅝-1¼c pm	5.82	3¾-3½pm	5.11

Belgian rate is for convertible francs. Financial franc 70.65-70.75. Six-month forward dollar 1.88-1.83c pm. 12-month 3.00-2.90c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4900-1.5065	1.5055-1.5065	0.40-0.37c pm	3.06	1.07-1.03pm	2.80
Ireland†	1.3250-1.3375	1.3360-1.3370	0.40-0.33c pm	3.30	1.05-0.95pm	2.87
Canada	1.3705-1.3760	1.3740-1.3750	0.16-0.19c dis	−1.53	0.47-0.52dis	−1.44
Nethlnd.	2.5570-2.5620	2.5570-2.5580	0.15-0.12c pm	0.63	0.71-0.66pm	1.06
Belgium	46.40-46.90	46.40-46.50	1½-3½c dis	−0.64	4-8dis	−0.51
Denmark	8.40½-8.49¾	8.40½-8.41	par-¼ore dis	−0.35	¼-1¼dis	−0.47
W. Ger.	2.2700-2.2960	2.2730-2.2740	0.50-0.47pf pm	2.54	1.39-1.34pm	2.38
Portugal	151½-153¾	151¾-152	100-250c dis	−13.77	275-675dis	−12.46
Spain	144.35-145.85	144.40-144.60	70-90c dis	−6.60	175-205dis	−5.22
Italy	1559-1573½	1569½-1560½	5-7½ lire dis	−4.77	16½-20dis	−4.64
Norway	7.70-7.73½	7.70¼-7.70¾	4⅝-5ore dis	−7.47	12⅝-13dis	−6.63
France	7.23½-7.31½	7.23¾-7.24¼	0.30-0.40c dis	−0.57	0.75-0.95dis	−0.47
Sweden	7.25½-7.29¾	7.25½-7.26	2½-2¾ore dis	−3.80	6½-6¾dis	−3.48
Japan	169.05-170.05	169.20-169.30	0.34-0.29y pm	2.22	0.94-0.89pm	2.15
Austria	15.98-16.13	15.98-16.00	3-2gro pm	1.88	8-6pm	1.74
Switz.	1.8805-1.9015	1.8805-1.8815	0.40-0.35c pm	2.37	1.13-1.08pm	2.33

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.90-47.10.

EXCHANGE CROSS RATES

May 27	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.506	3.425	255.0	10.91	2.833	3.853	2350.	2.065	69.95
$	0.664	1.	2.274	169.3	7.240	1.881	2.558	1560.	1.371	46.45
DM	0.292	0.440	1.	74.45	3.184	0.827	1.125	686.0	0.603	20.42
YEN	3.922	5.906	13.43	1000.	42.76	11.11	15.11	9214.	8.096	274.3
F Fr.	0.917	1.381	3.141	233.8	10.	2.597	3.533	2155.	1.893	64.14
S Fr.	0.353	0.532	1.209	90.03	3.850	1.	1.360	829.5	0.729	24.70
H Fl.	0.260	0.391	0.889	66.19	2.831	0.735	1.	609.9	0.536	18.16
Lira	0.426	0.641	1.458	108.5	4.641	1.206	1.640	1000.	0.879	29.77
C $	0.484	0.729	1.659	123.5	5.282	1.372	1.866	1138.	1.	33.88
B Fr.	1.430	2.153	4.896	364.5	15.59	4.049	5.508	3359.	2.951	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

May 27	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10-10¼	10-10⅛	10-10⅛	9⅞-10	9¹⁵⁄₁₆-9¹³⁄₁₆	9⅝-9¾
U.S. Dollar	6¹³⁄₁₆-6¹⁵⁄₁₆	6⅞-7	6⅞-7	6⅞-7	6⅞-7	7¹⁄₁₆-7³⁄₁₆
Can Dollar	7⅞-8⅛	7⅞-8⅛	8-8¼	8-8⅛	8¼-8½	8⅜-8⅝
D Guilder	6¼-6½	6¼-6½	6¼-6⅝	5⅞-6	5⅝-5¾	5⅝-5¾
Sw. Franc	5⅛-7⅛	11⅝-11⅞	4⅜-4⅝	4½-4¾	4⁷⁄₁₆-4⁹⁄₁₆	4⁷⁄₁₆-4⁹⁄₁₆
Deutschmrk	4½-4¾	4½-4¾	4½-4¾	4½-4⅝	4⁹⁄₁₆-4¹¹⁄₁₆	4⅝-4¾
Fr. Franc	7¼-7¾	7¼-7⅝	7⅛-7⁵⁄₁₆	7-7³⁄₁₆	7¹⁄₁₆-7³⁄₁₆	7¹⁄₁₆-7³⁄₁₆
Italian Lire	10-12	10½-12	11-12	11¼-11¾	11¼-11¾	11⅛-11⅞
B.Fr.(Fin)	7⅝-7⅞	7⅝-7⅞	7½-7¾	7½-7¾	7⅝-7⅞	7⅝-7⅞
B.Fr.(Con)	7½-7¾	7⅝-7⅞	7½-7¾	7½-7¾	7⅝-7⅝	7⅝-7⅞
Yen	4¼-4⅝	5⅛-5½	5-5⅛	4¹³⁄₁₆-4¹⁵⁄₁₆	4¹³⁄₁₆-4⅞	4⅞-4¹⁵⁄₁₆
D. Krone	8⅛-9	8-8½	8-8¼	7¾-8¼	7¾-8¼	7¾-8¼
Asian $ (Sng)	6⅞-7	6⅞-7	6¹³⁄₁₆-7¹⁄₁₆	6¹³⁄₁₆-7¹⁄₁₆	6¹³⁄₁₆-7¹⁄₁₆	7¹⁄₁₆-7³⁄₁₆

Long-term Eurodollars: two years 7⅜-7⅝ per cent; three years 8¼-8½ per cent; four years 8½-8⅝ per cent five years 8⅝-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

May 27	Bank of England Index	Morgan Guaranty Change%
Sterling	76.2	−14.7
U.S. dollar	116.7	+5.9
Canadian dollar	79.9	−11.5
Austrian schilling	134.4	+6.8
Belgian franc	94.7	−7.7
Danish Krone	84.9	−1.5
Deutsche mark	133.7	+14
Swiss franc	166.9	+16.1
Guilder	[illegible]	[illegible]
French franc	68.5	−13.6
Lira	[illegible]	[illegible]
Yen	204.2	+49.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.771696	0.630458
U.S. $	6½	1.15083	0.961844
Canadian $	8.48	[illegible]	[illegible]
Austria Sch.	4	[illegible]	[illegible]
Belgian Fr.	8½	[illegible]	[illegible]
Danish Kr.	7	[illegible]	[illegible]
D'mark	3½	[illegible]	[illegible]
Guilder	4½	[illegible]	[illegible]
French Fr.	9½	[illegible]	[illegible]
Lira	13	[illegible]	[illegible]
Yen	3½	195.411	[illegible]
Norway Kr.	8	[illegible]	[illegible]
Span'h Pta.	—	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	4	[illegible]	[illegible]
Greek Drch	20½	[illegible]	[illegible]
Irish Punt	—	[illegible]	0.70825

* CS/SDR rate for May 23: N/A

OTHER CURRENCIES

May 27	£	$
Arg'tina	1.2707-1.2731	0.8500-0.8510
Aus'alia	2.0745-2.0780	1.3900-1.3915
Brazil	20.58-20.71	13.77-13.84
Finland	7.8720-7.8820	5.2705-5.2725
Greece	211.04-215.46	141.45-144.00
H'kong	11.6579-11.6686	7.8110-7.8130
Iran	119.05*	80.00*
Kuwait	0.4420-0.4430	0.29580-0.29810
Lux'burg	69.90-70.00	46.40-46.50
Malaysia	3.9277-3.9378	2.6315-2.6365
N'Z'land	2.6910-2.7010	1.8035-1.8085
Saudi Ar.	5.4555-5.4625	3.6500-3.6515
Sin'pore	3.3218-3.3275	2.2250-2.2280
S Af. (Cm)	3.4625-3.4745	2.3175-2.3255
S.Af. (Fn)	5.4330-5.6375	3.6365-3.7735
U.A.E.	5.4865-5.4935	3.6715-3.6745

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.9984	+0.74	+0.74	±1.5430
Danish Krone	7.91896	7.98762	+0.87	+0.87	±1.6400
German D-mark	2.13834	2.15479	+0.77	+0.77	±1.1202
French Franc	6.96280	6.86355	−1.43	−1.43	±1.3701
Dutch Guilder	2.40935	2.42361	+0.59	+0.59	±1.5081
Irish Punt	0.712956	0.708234	−0.66	+0.66	±1.6689
Italian Lira	1496.21	1477.75	−1.23	−1.23	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Mixed changes

Interest rate contracts showed mixed changes in dull and trendless trading on the London International Financial Futures Exchange yesterday. Dealers said Eurodollar futures had a firm undertone, supported by speculation that US economic growth is not as strong as the latest GNP data suggested, and that US interest rates will decline. Trading in dollar denominated contracts was quiet however, ahead of tomorrow's US leading indicators for April, which are expected to rise by about 0.8 per cent, and ahead of Friday's April US trade figures. These are generally forecast to show a slight improvement over the March deficit of $14.52bn.

Three-month sterling deposits for September delivery opened higher, and closed at the day's peak, on continued optimism about cuts in UK clearing bank base rates. The strength of sterling, particularly against the D-mark, after rumours of the pound's entry into the EMS at the weekend, proved unfounded helped provide demand for the contract.

June long term gilts opened at the day's peak, reflecting early short covering, but the price drifted down to finish just above the day's low, failing to gain any benefit from a slight strengthening in US Treasury bond futures.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	9.44	—	—	—	0.14	—	—	—
118	7.67	—	—	—	0.27	—	—	—
120	6.15	7.07	—	—	0.49	1.43	—	—
122	4.48	5.50	—	—	1.18	2.22	—	—
124	3.32	4.39	—	—	2.02	3.11	—	—
126	2.29	3.39	—	—	2.63	4.11	—	—
128	1.42	2.49	—	—	4.12	5.21	—	—
130	1.04	—	—	—	5.38	—	—	—

Estimated volume total: Calls 423, Puts 441
Previous day's open interest: Calls 4,466, Puts 1,656

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	9.24	9.19	—	—	0.30	1.09	—	—
90	7.48	7.51	—	—	0.52	1.41	—	—
92	6.12	6.29	—	—	1.18	2.19	—	—
94	4.54	5.16	—	—	1.60	3.06	—	—
96	3.44	4.13	—	—	2.50	4.03	—	—
98	2.47	3.19	—	—	3.53	5.09	—	—
100	1.62	2.36	—	—	5.04	—	—	—
102	1.24	—	—	—	6.30	—	—	—

Estimated volume total: Calls 131, Puts 100
Previous day's open interest: Calls 720, Puts 606

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	19.64	—	—	19.64	0.00	—	—	0.20
1.35	14.64	14.84	—	14.64	0.00	0.08	—	0.61
1.40	9.64	9.84	9.72	9.89	0.02	0.40	1.02	1.49
1.45	4.74	5.50	6.12	6.48	0.34	1.41	2.42	3.08
1.50	1.45	2.84	3.46	3.90	2.05	3.55	4.78	5.50
1.55	0.22	1.02	1.73	2.15	5.82	6.93	8.03	8.75
1.60	0.01	0.31	0.77	1.08	10.61	11.22	12.07	12.68

Estimated volume total: Calls 200, Puts 90
Previous day's open interest: Calls 3,748, Puts 5,599

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	24.80	—	—	24.80	0.15	—	—	0.25
1.35	14.40	—	—	19.80	0.20	—	—	0.50
1.40	9.40	12.40	0.00	10.10	0.20	0.70	0.00	1.90
1.45	4.70	5.30	6.00	6.50	0.60	1.60	2.85	3.30
1.50	1.80	2.45	3.40	3.90	2.50	3.75	5.00	5.80
1.55	0.30	1.00	1.80	2.20	6.50	7.30	8.30	9.00
1.60	0.20	0.40	0.80	1.10	11.15	11.75	12.40	12.90

Previous day's open interest: Calls 4,989, Puts 4,305
Volume: 65

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	19.16	—	—	19.15	—	—	—	0.20
1.35	14.15	14.15	—	14.15	—	0.05	—	0.55
1.40	9.15	9.15	—	9.55	0.05	0.40	—	1.40
1.45	4.65	5.10	5.70	6.20	0.35	11.25	2.30	3.00
1.50	1.40	2.35	2.95	3.50	2.10	3.30	4.60	5.40
1.55	0.15	0.80	1.40	1.90	5.90	6.80	7.85	8.50
1.60	—	0.20	0.60	—	20.45	11.00	11.50	—

Previous day's open interest: Calls 41,359, Puts 43,298
Previous day's volume: Calls 1,052, Puts 1,842

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
91.00	2.06	2.06	—	—	0.00	0.00	—	—
91.50	1.56	1.57	1.49	—	0.00	0.01	0.07	—
92.00	1.06	1.10	1.06	—	0.00	0.04	0.14	—
92.50	0.56	0.68	0.68	—	0.00	0.12	0.26	—
93.00	0.15	0.34	0.39	—	0.09	0.28	0.47	—
93.50	0.01	0.13	0.18	—	0.46	0.57	0.76	—
94.00	0.00	0.03	0.07	—	0.94	0.97	1.15	—

Previous day's open interest: Calls 4,292, Puts 3,162
Volume: 65

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	97-17	97-25	97-10	96-28
Sept	96-29	97-04	96-22	96-07
Dec	96-04	96-10	95-30	95-13
March	95-11	95-15	95-10	94-20
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	—	—	[illegible]
March	[illegible]	—	—	[illegible]
June	—	—	—	[illegible]
Sept	—	—	—	[illegible]

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	—	—	—	[illegible]
Dec	—	—	—	[illegible]
March	—	—	—	[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.4925	1.4940	1.4890	1.4880
Sept	1.4826	1.4850	1.4795	1.4790
Dec	1.4740	1.4760	1.4740	1.4700

LONDON

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4940	1.4940	1.4905	1.4860
Sept	1.4840	1.4840	1.4806	1.4755
Dec	1.4760	1.4760	1.4760	1.4685

Est. Volume 137 (433)
Previous day's open int. 1,348 (2,021)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	125-05	125-25	125-05	125-12
Sept	125-16	125-26	125-15	125-18
Dec	125-15	125-19	125-15	125-17
March	125-10	—	—	125-13

Est. Volume 7438 (7853)
Previous day's open int. 12,534 (12,762)
Basis quote (clean cash price of 13¼% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	102-58	103-04	102-55	102-60
Sept	103-10	103-15	103-10	103-16

Est. Volume 157 (146)
Previous day's open int. 1,449 (1,520)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.16	90.18	90.13	90.14
Sept	90.89	90.89	90.83	90.82
Dec	91.09	91.05	91.02	90.99
March	91.10	91.09	91.05	91.00
June	90.93	90.94	90.91	90.86

Est. Volume 1,720 (5,840)
Previous day's open int. 17,591 (18,737)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	161.40	162.10	160.80	162.30
Sept	163.75	—	—	164.65
Dec	166.25	—	—	167.15

Est. Volume 181 (453)
Previous day's open int. 2,591 (2,633)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	—	—	[illegible]
Dec	[illegible]	—	—	[illegible]

Est. Volume 2,314 (2,119)
Previous day's open int. 22,860 (21,828)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	97-12	97-20	97-03	96-20
Sept	96-29	97-04	96-25	96-30
Dec	96-05	—	—	96-06

Est. Volume 5,085 (3,756)
Previous day's open int. 6,418 (6,905)

CURRENCY FUTURES

POUND — $ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5060	1.5022	1.4965	1.4875	1.4765

STERLING INDEX

	May 27	Previous
8.30 am	76.2	75.9
9.00 am	76.2	75.9
10.00 am	76.2	75.8
11.00 am	76.2	75.7
Noon	76.2	75.9
1.00 pm	76.2	75.9
2.00 pm	76.2	75.8
3.00 pm	76.2	75.7
4.00 pm	76.2	75.8

MONEY MARKETS

Slight easing of London rates

Interest rates eased in quiet trading on the London money market yesterday. A strengthening of the pound against Continental currencies, encouraged lower rates, with three-month interbank declining to 9⅞-10 per cent from 9¹⁵⁄₁₆-10¹⁄₁₆ per cent. Trading was quiet after the long weekend holiday, particularly after the Bank of England's signal for caution at the end of last week, following the ½ per cent cut in clearing bank base rates. Sentiment remained generally bullish, but dealers were uncertain about the timing of any future cut in UK interest rates, against a background of nervousness about US rates.

The Bank of England initially forecast a money market shortage of £550m, but changed this to £600m at noon and to £500m in the afternoon. Total help of £512m was provided.

Before lunch the authorities bought £306m bills outright, by way of £51m bank bills in band 1 at 9⅞ per cent; £67m bank bills in band 2 at 9¹³⁄₁₆ per cent; £179m bank bills in band 3 at 9¾ per cent; and £9m bank bills in band 4 at 9¹¹⁄₁₆ per cent.

In the afternoon another £206m bills were purchased outright, through £11m local authority bills in band 1 at 9⅞ per cent; £27m bank bills in band 1 at 9⅞ per cent; £119m bank bills in band 2 at 9¹³⁄₁₆ per cent; £48m bank bills in band 3 at 9¾ per cent; and £1m bank bills in band 4 at 9¹¹⁄₁₆ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £954m, with bank balances below target absorbing £35m. These outweighed Exchequer transactions adding £195m to liquidity, and a fall in the note circulation of £250m.

In Brussels the Belgian National Bank cut the interest rate on one-, two- and three-month Treasury certificates to 7.60 per cent from 7.75 per cent. This increased speculation the central bank may be preparing for another reduction in its 8.50 per cent bank rate, which has already been cut by 1.25 per cent since the realignment of the European Monetary System last month.

UK clearing bank base lending rate 10 per cent since May 22

FT LONDON INTERBANK FIXING

(11.00 a.m. May 27)

Three months US dollars		Six months US dollars	
bid 6 ⅞	Offer 7	bid 6 ¹⁵⁄₁₆	Offer 7 ¹⁄₁₆

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed funds	6¹¹⁄₁₆
Fed funds at intervention	6¹¹⁄₁₆

Treasury Bills & Bonds

One month	6.57
Two month	6.18
Three month	6.36
Six month	6.50
One year	6.68
Two year	7.16
Three year	7.39
Four year	7.54
Five year	7.65
Seven year	7.76
10 year	7.77
30 year	7.42

LONDON MONEY RATES

May 27	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9-11	10-10¼	10-10⅛	9⅞-10	9¹⁵⁄₁₆-9¹³⁄₁₆	9½-9⅝
Sterling CDs	—	—	10-10⅛	9¾-9⅞	9⅞-9¹¹⁄₁₆	9¼-9⅜
LocalAuthorityDepos	9⅞-10	9⅞-10	10-10⅛	9¾-9⅞	9¹³⁄₁₆-9¹¹⁄₁₆	9¼-9½
Local Author'y Bonds	—	—	10⅝	10¼	10⅛	10
Discount Mkt Depos.	9-11	10-10⅛	10	9½	—	—
Company Depos.	9¾-10½	10-10¼	10-10¼	9¹³⁄₁₆	—	—
Finance House Depos	—	—	10¹⁄₁₆	10¹⁄₁₆	9⅞	9⅝
Treasury Bills (Buy)	—	—	9¹³⁄₁₆	9¹³⁄₁₆	—	—
Bank Bills (Buy)	—	—	9¹⁵⁄₁₆	9¹¹⁄₁₆	9⅝	—
Fine Trade Bills (Buy)	—	—	10⅜	10¹⁄₁₆	9⅞	—
Dollar CDs	—	—	6.85-6.90	6.90-6.95	6.95-7.00	7.10-7.15
SDR Linked Depos	—	—	6⅝-6⅝	6⅜-6⅝	6⅜-6⅝	6⁷⁄₁₆-6⁹⁄₁₆
ECU Depos	—	—	7⁵⁄₁₆-7⁷⁄₁₆	7¼-7⁷⁄₁₆	7⅜-7½	7¼-7⅜

Treasury Bills (sell): one-month 9²¹⁄₃₂ per cent; three-months 9¹¹⁄₃₂ per cent. Bank Bills (sell): one-month 9¾ per cent; three months 9½ per cent. Treasury Bills: Average tender rate at discount 9.4860 per cent. ECGD Fixed Finance Scheme IV reference date April 2 to May 6 (inclusive) 10.527 per cent.

Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 11½ per cent from May 1 1986. Bank Deposit Rate for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month — per cent; one-three months — per cent; three-six months — per cent; six-nine months — per cent; nine-12 months — per cent. Under £100,000 — per cent from May 27. Deposits held under Series 5 — per cent. Deposits withdrawn for cash — per cent.

MONEY RATES

May 27	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tin
Frankfurt	3.95-4.05	4.55-4.65	4.50-4.55	4.50-4.65	4.50-4.65	5.5
Paris	7	7¼-7⅜	7¼-7⅜	7⅛-7⅜	7⅛-7⅛	7¼
Zurich	⅞-1⅛	4½-4⅝	—	4½-4⅝	—	—
Amsterdam	6⅞-7	6¼-6⅜	—	5⅞-6	—	—
Tokyo	4.81875	4.71875	—	4.65625	—	—
Milan	12-12⅝	12¾-12⅛	—	11¾-12⅛	—	—
Brussels	7.36	7⅛-7⅞	—	7⅛-7¼	—	—
Dublin	10⅛-10⅝	10⅜-10⅛	10⅛-10⅝	10-10¼	9¾-10	—

Company Notices

LAFARGE COPPEE (CIMENTS LAFARGE)
7½% 1972/1987
FF100,000,000

On May 14, 1986 Bonds for the amount of FF 10,000,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be redeemable coupon No. 15 attached on and after July 1, 1986.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, including in the range beginning:

at 2858 up to 13,611 incl.
Amount outstanding: FF 25,000,000

FINIMTRUST SA
The Trustee

Luxembourg
May 28, 1986

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half yearly debenture interest of 10% per annum will be paid on 30th June 1986 to debenture stockholders whose names appear on the register of debenture stockholders at the close of business at 4.30 p.m. on 19th June 1986.

By Order of the Board
AHMAD SHAHAB HAJI DIN
RIDWAN BIN MUSTAFFA
Secretaries

Kuala Lumpur
Malaysia
28th May 1986

NEDERLANDSE UNILEVER BEDRIJVEN B.V.
formerly VAN DEN BERGH'S EN JURGEN'S FABRIEKEN N.V.

5.5% Preference and Ordinary X' sub-shares issued by N.V. Nederlandsch Administratie- en Trustkantoor

Dividends for 1985 of 5.5% (Fl.0.66) and 13.6425% (Fl.0.409275) respectively will be paid on and after 28 May 1986. To obtain these dividends, certificates must be listed on forms, obtainable from, lodged with for marking, and left for five clear days for examination by one of the following:

Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE
Allied Irish Banks Limited, Securities Department, Stock Exchange, Bank Centre, Ballsbridge, Dublin 4,
Clydesdale Bank PLC, 30 St. Vincent Place, Glasgow

from which banks fuller details of the dividend may be obtained on and after 28 May 1986.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

London Transfer Office,
Unilever House, Blackfriars,
London EC4P 4BQ.
27 May 1986.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	98⅛	Treas 8½pc 1984-86‡‡	99	.....	8.51	9.94
102	100½	Exch. 14pc 1986	101	−	13.75	9.38
98½	94⅞	Exch. 2½pc 1986	98½		2.54	5.65
102	100⅝	Exch. 13¼pc 1987	102	−	12.95	9.44
100⅞	97	Treas 10¼pcCv '87	100		10.19	9.33
97	92	Exch 2½pc 1987	97	+⅛	2.58	6.58
101⅛	97½	Exch. 10½pc 1987	101	+	10.40	9.20
98⅝	93⅝	Funding 6½pc '85-87‡‡	98½	.....	6.60	8.19
101¼	96	Treas. 10pc 1987	100⅞xd		9.91	9.12
96⅝	90⅞	Treas 3pc 1987	96⅝	+⅛	3.11	6.14
104½	99½	Treas. 12pc 1987	103⅞	.....	11.55	9.01
99⅝	92	Treas 7¾pc 1985-88‡‡	99¼	..	7.81	8.22
104	96¼	Exch 10½pc '88	103	.....	10.19	8.78
102⅝	95⅝	Treas 9¾pc Cv '88	101⅝xd	+	9.59	8.88
94	86⅝	Transport 3pc '78-88	94xd	+⅛	3.19	6.10
102½	93	Treas 9½pc '88	101¼	+	9.38	8.89
107	98	Treas 11½pc 1989	106¼	..	10.82	8.86
103½	93⅛	Treas 9½pc Cnv. '89	102	.....	9.30	8.62
91	82	Treas 3pc 1989	91	+	3.28	6.01
105	95	Treas 10½pc 1989	104 xd	+	10.07	8.86
104	94⅛	Exch 10pc 1989	103	+	9.71	8.89
107	97	Exch 11pc 1989	106	.	10.37	8.83
93	84½	Treas 5pc 1986-89	93½	.	5.35	7.19
110	94⅝	Exch 10¼pcCv '89	108	+⅛	9.42	7.31
114	103	Treas 13pc 1990‡‡	112	+	11.52	8.76
108⅝	97⅛	Exch 11pc 1990‡‡	106	+	10.29	8.75
113⅛	101	Exch. 12½pc 1990	111	+	11.17	8.74
89½	79⅝	Treas. 3pc 1990	89½	+⅛	3.35	6.03
100	89⅝	Treas 8¼pc 1987-90‡‡	99¾xd	+⅛	8.27	8.33
106	93	Treas. 10pcCv 1990	104	. .	9.54	8.67
85	76½	Exch 2½pc 1990	85¼	−	2.92	6.18

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الاصل

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
145	82	Midland Marts	142	–3				
78½	61	Mitchell Cotts	74		4.0	2.1	8.0	17.0
109	81	Monks & Crane 10p	106		4.25	1.5	8.1	10.6
312	210	Morgan Crucible	310	+2	12.7	♦	3.6	♦
23½	15½	Morris (W.) F. 2½p	20		8.5	♦	3.9	♦
139	96	Moss (Robt.) 10p	127	–1				
110	65	Myson Grp 10p	107		3.0	2.7	3.3	13.7
365	259	NMW Computers	330	+5	2.63	2.6	3.5	13.8
40	27	Nash Inds	32		5.0	3.0	0.9	19.5
28	16	Neil & Spencer 10p	20	–1	0.5	—	2.2	—
38	28	Newman Inds 10p	36	–2		—	—	—
65	50	Nolton	54		0.8	♦	3.2	♦
132	96	Norank Systems 5p	118		0.95	5.9	2.5	7.7
263	187	Norcros	250		3.0	♦	3.6	♦
95	49	Nu-Swift 5p	95	+4	8.6	2.0	4.8	13.6
118	80	Oakwood Grp	98		3.5	2.1	5.2	12.8
250	203	Office & Elect	235	–2	5.0	1.3	7.2	13.6
102	70	Oldacre 20p	90	+5	8.5	2.9	5.2	9.4
36	24	Optometrics $0.01	26		14.0	2.6	6.3	8.0
765	500	Oriflame £1	745	–2	0.2	2.1	6.0	8.7

LEISURE—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
115	58	Leisuretime Int 10p	110		2.3	♦	2.9	♦
117	100	Leentor	107		2.63	3.0	3.5	13.2
220	155	Media Tech Int 20p	158		2.58	5.4	2.3	12.8
175	140	Medminster 10p	140	–5	5.35	2.7	5.4	9.5
220	138	Mrs World 10p	200	+10	5.2	3.3	3.7	11.6
83	62	Nationwide Leisure	83	+1	0.75	♦	6.4	♦
17	10½	Norfolk Int 20c	16		—	—	—	—
34½	23	Owners Abroad 5p	29½		1.5	♦	7.1	♦
90	46	Pholax (Lon.)	60		—	—	—	♦
34	28½	Piccadilly Radio NV 5p	30	+1	2.0	1.2	9.4	12.7
80	37	Pineapple Dnc 5s 10p	67	+2	—	—	—	—
391	280	Pleasurama 5p	290	–3	7.5	3.2	3.6	12.0
178	136	Do. 7pcCvCmRedPf	140	–1	7%	—	7.0	—
		For Pres Entertainment see Notes						
43	18	Radio City 'A' NV	38	–2	—	—	—	—
45	33	Radio Clyde N/V	45		3.25	0.9	10.5	14.2
375	322	Really Useful Grp 5p	362	–1	11.25	2.2	4.4	14.9
64	45	Riley Leisure 10p	45	–1	—	—	—	—
230	170	Saga Hols. 20p	170		4.6	2.6	3.8	14.4

PROPERTY—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
42	35	Hampton Trust 5p	40	+1	0.7	—	2.5	—
222	130	Hanover In. Hldgs 10p	218		3.0	2.9	1.9	24.9
318	232	Hardanger Prop 10p	318		9.8	2.6	4.3	11.9
640	482	Haslemere 10p	635		9.6	1.4	2.1	40.9
62½	48	HK Land	53½	+2	Q15c	♦	2.5	♦
345	300	Home Prop London 50p	325		9.0	♦	4.0	♦
310	270	Imry Property	305		5.3	1.5	2.4	36.8
887	717	Intl Inc Poty $0.01	839		Q88c	—	7.2	—
160	155	Jermyn Invest	155		2.18	♦	2.0	♦
28	11	Key City Prop.	27		—	—	—	—
320	273	Laing Properties	320	+5	7.0	2.4	3.1	16.2
£147½	£131	Do 8½pcLn 2000-05	£146		Q8½%	9.5	16.3	—
75	54	Land Investors	75	+1½	1.2	1.5	2.3	42.3
332	279	Land Securities £1	318	–2	9.8	1.5	4.4	19.7
470	270	Lend Lease 50c	436	+6	Q60c	1.8	3.3	16.7
730	430	Lond & Edinburgh 10p	685	+20	7.5	3.9	1.6	21.1
237	197	Do 6½pc Cv Pf	223	+8	6½%	—	4.1	—
267	218	Lon. Prov Shp 10p	258	–5	14.6	2.0	2.6	22.0

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
42	26	Anglo Utd Dev	31		d1.05	♦	4.8
80	45	Colby Res Corp	65		—	—	—
300	175	Cons. March. 10c	175		Q80c	3.9	‡
34	28	Essex Int. Ir10p	33	+3	—	—	—
101	70	Greenwich Res.	98		—	—	—
143	93	Hampton Areas 10p	140		3.75	0.9	3.6
245	165	Highwood Res	240	+3	—	—	—
£19⅝	£13⅛	Homestake Mining $1	£14¼	–⅛	Q20c	—	1.0
310	180	McFinley Red Lake	208	–10	—	—	—
285	195	Musto Explorations	200		—	—	—
51	35	New Sabina Res C$1	37	+2	—	—	—
260	210	Northgate C$1	215	–5	—	—	—
790	513	RTZ	648xd	–5	22.0	2.8	4.8
£164	£115	Do. 9½pcLn '95-2000	£138xd	–½	Q9½%	15.5	7.1
950	800	Tara Expon $1	875		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable, bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim. reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- I Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- H No par value.

B Fr. Belgian Francs. Fr French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	122xd	
Craig & Rose £1	£13	
Finlay Pkg 5p	43xd	
Holt (Jos) 25p	810	
IoM Stm. £1	98	+3
IRISH		
Fund 11¼% 1988	£103⅝	
Nat. 9¾% 84/89	£101	
Fin. 13% 97/02	£123⅞	
Arnotts	320xd	–23
CPI Hldgs	58	
Carrol Inds.	177	+7
Dublin Gas	53	
Hall (R. & H.)	77	+2
Heiton Hldgs.	32	
Irish Ropes	186	
Unidare	190	

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LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities drift lower despite continued Wall St rally

London stock markets resumed trading after the long weekend on a lacklustre note yesterday. Some professional operators opted to extend the holiday and interest was at a low ebb throughout the session, particularly in the equity sectors. Views that UK base rates were unlikely to fall much below the current level of 10 per cent during the summer months were a deterrent and leading stocks began the final phase of the three-week Account at lower levels.

Wall Street's strong recovery movement, which continued in the early trade yesterday after *Monday's Memorial Day closure*, made little impact on international issues. Most retreated in the wake of dullness in **Beecham** and **British Telecom**. The former were sold quite persistently following adverse Press comment, while BT encountered nervous offerings aroused by fears of increased competition; the group's preliminary statement is due on June 19.

Partly reflecting the falls in the two stocks, the FT Ordinary *share index was 10 points down* at noon. Thereafter it steadied on a modicum of bear-covering and finally reduced the loss to one of 6.6 at 1,324.8. The usual crop of weekend newspaper recommendations produced fewer features than normal, but **Hanson Trust** resisted the general trend on speculation that the disposal of Courage was a priority among any Imperial Group asset sales.

Turnover in Government *securities was only marginally* better but the exchange rate's improvement against the dollar persuaded some buyers. Institutional investors were apprehensive after the authorities' surprise late decision on Friday to cut the price of the long tap, **Treasury** 8 per cent 2009; the Government broker sold stock at 21⅜, some ¼-point below the previous sale, and then withdrew.

Awaiting tomorrow's applications for the new £400m issue of **Treasury** 3 per cent *1991* at a minimum tender price of £86, low-coupon shorts were virtually unchanged.

Phillips and Drew point out that they have not forecast UK base lending rates of 10 per cent by the year-end as reported in Saturday's market report.

Standard Chartered up

Post-holiday trading in the banking sector was minimal. **Standard Chartered** moved up 7 to 802p awaiting further developments in the **Lloyds** bid situation; the latter relinquished 5 at 565p. Other clearers also drifted lower for want of support with **Midland** closing 4 off at 538p and **NatWest** 5 down at 745p. Among Discount Houses, **Gerrard and National** firmed 4 to 342p ahead of tomorrow's preliminary figures. Elsewhere, reflecting the sharp decline on the French bourse, **Compagnie Bancaire** dropped 5¼ points to £108¼.

Composites staged a late recovery to close well above the lowest levels of the day. **General** *Accident* closed a penny dearer on balance at 824p, after 815p, while **GRE** were a few pence off at 842p, after 834p. **Royals** gave up 5 at 907p and **Sun Alliance** cheapened 11 at 663p.

Leading Breweries gave modest ground in thin trading. **Bass**, which revealed pleasing interim figures *last week, reacted* to occasional profit-taking and eased 10 to 790p. Recently buoyant **Scottish and Newcastle** gave up a couple of pence to 194p, as did **Guinness** at 295p. **Allied-Lyons**, however, reverted to unchanged at 320p as shareholders voted in favour of the proposed acquisition of Hiram Walker's wine and spirits division.

Leading Buildings remained selectively firm with **Taylor Woodrow** *noteworthy for a rise* of 16 at 628p. Elsewhere, speculative demand in a restricted market prompted a gain of 14 to 138p in **Federated Housing**. **Pochins** found support and rose 10 to 380p, while **Polypipe** hardened a couple of pence to 117p. On the other hand, profit-taking clipped 2½ from **Raine Industries** at 54p and a penny from **Robert M. Douglas** at 100p. **Hewden-Stuart** slipped 3 to 70p following completion of the Isis acquisition. Among Timbers, **Magnet and Southerns** shed 4 to 166p as bid rumours faded, but **Meyer International** attracted occasional buying interest and improved 3 to 254p.

ICI drifted back to 889p on lack of support before early Wall Street influences left the price a shade above the worst at 892p, down 9 on balance. **Laporte** eased 4 to a *low for* the year of 333p, while **Coalite** softened a couple of pence to 257p awaiting today's annual results.

Dunhill feature

Dealers reported a decided lack of enthusiasm for Retailers and leading stocks rarely strayed from pre-weekend levels. **Harris Queensway** eased the turn to 256p ex-the rights issue with the new nil-paid quoted at 31p premium. **Dunhill**, however, provided a notable firm feature, rising 40 to 503p, albeit in a relatively narrow market, in response to bullish notices emanating from the brokers' meeting that followed the preliminary results. **A. Goldberg**, also revealing full-year profits, settled only a penny to the good at 148p, after 152p. Elsewhere, profit-taking in the wake of the successful bid for **H. Samuel** left **Ratners** 7 cheaper at 153p, after 151p; *Samuel "A" closed 3* off at 135p. **Bentalls** were out of favour and dipped a few pence to 163p, but fresh interest was evident for **Top Value**, 78p, and **Lanca**, 41p, up 8 and 3 respectively.

Interest in the Electrical majors was at a low ebb, but **Thorn EMI** managed a Press-inspired improvement of 8 at 457p. Elsewhere, **Pifco** advanced 11 to 178p and the "A" 13 to 150p on revived speculative support and **First Security** put on 15 at 170p. **Telephone Rentals**, a strong market last week on rumours of a bid from Philips' Lamps, hardened a couple of pence more to 247p, after 252p, following weekend Press speculation that Siemens could be interested in making an offer for the group. **Amstrad**, which confirmed last week its expansion into the white goods market, added 7 at 562p. **Pericom**, on the other hand, lost 7 at 138p following the interim results and profit-taking clipped 3 from **Philcom**, at 27p.

Those movements worthy of mention in the Engineering sector usually followed weekend Press comment. For this reason, **Fred Cooper** advanced 7 to 115p, **Ransomes Sims and Jefferies** gained 6 to 204p and **Thomas Robinson** *improved 5* at *337p*. **Bromsgrove Industries** firmed 6 to 106p on speculative buying as did **Hall** at 214p. **F. S. Ratcliffe**, an outstanding market of late in the wake of a large stake in the company changing hands, reacted 20 to 285p following profit-taking.

Cadbury Schweppes, a firm market last Friday following traded option activity and hopes that the company may become involved in a joint venture with Coca Cola as part of the proposed acquisition of Canada Dry, drifted off in the absence of further buying interest to close *4 cheaper at 168p. On the other* hand, **Associated British Foods** rose 8 to 334p as Fine Fare sale rumours resurfaced, while **Tesco** hardened a couple of pence to 380p awaiting today's annual results; profit estimates have been upgraded to around the £125m level in recent days. *Elsewhere*, **Hunter Saphir** touched 165p in reply to the excellent preliminary figures before easing back on profit-taking to close a couple of pence cheaper on balance at 160p. Profit-taking also left **Bassett** 10 down at 185p, but recently-overlooked **Associated Fisheries** *improved 3 to 102p and Freshbake* firmed 4 to 94p ahead of today's annual results.

The chairman's denial of any bid approaches left **Grand Metropolitan** 12 off at 403p. **Midsummer Inns** rose 15 to 350p in reply to the good interim results and confident statement.

Beecham lower

Having risen 42 last week in response to a Merrill Lynch "buy" circular, **Beecham** turned distinctly dull following adverse weekend Press comment, touching 385p at one stage before *closing 12 lower* on balance at 393p. **Hanson Trust**, on the other hand, rose 6 to 184p following Press reports that its Imperial Group's subsidiary, Courage, is up for sale. Elsewhere in miscellaneous Industrials, **The Times Veneer** jumped 5 to 32p, after 35p, in response to the announcement that Pebble Investments had increased its stake in the company to nearly 30 per cent. *Press comment lifted* **Extel** 12 to 377p and speculative improvements of around 10 were seen in **Beatson Clark**, 220p, **Magnolia**, 110, **Syltone**, 190p, and **Prestwich**, 126p. **Marley** edged forward 1¼ to 121½p on news of a US acquisition, but **Longton** fell 8 to 200p, after 197p, *following a newspaper's "sell"* recommendation.

Secondary issues made the running in the Property sector. Demand in restricted markets lifted **Mountview Estates** 20 to 585p and **London and Edinburgh** the same amount to 685p. **Samuel Properties** revived strongly awaiting news of the bid approach and closed 7 higher at 247p, while **Egerton Trust** added 3 to 88p helped by call option business. **Alfred** *Walker firmed 3 to 105p on* news that Mr Peter De Savary had acquired a 14.57 per cent stake in the company, while **Gable House** closed 3 dearer at 203p, after 210p, following the agreed offer worth some £22m from **Ladbroke**, 4 cheaper at 335p. Dealings in **Five Oaks** *were suspended at 62p at the* company's request pending details of a major property acquisition worth around £7m which wil be partly financed by a rights issue.

P & O Deferred closed 8 cheaper at 530p, after 527p, as the Office of Fair Trading *decided not to refer the* proposed acquisition of **Stock Conversion** to the Monopolies Commission; the latter eased a few pence to 715p.

Among Textiles, dealings in **Don Brothers Buist**—suspended last Thursday at 130p—were resumed at 168p in the wake of *the agreed bid from Shell.*

Oils quiet

Lower spot oil prices prompted an *initial modest* mark down of the leading oils. However, minor domestic support and, later in the day, the upturn on Wall Street, encouraged a gradual recovery which left top-quality issues little changed on balance. **BP**, 578p at the outset, picked up to *close a fraction harder* on balance at 583p, while **Ultramar** edged up a few pence at 170p. In the second-liners, **Carless Capel** added 2 at *70p* on further consideration of the recent results and also following Press comment. **Goal Petroleum**, also favoured by newspaper mention, put on a similar amount to 34p.

Growing concern over the political situation in South Africa, which received widespread television and Press coverage over the weekend, triggered a steep decline in the South African Rand and led to sharp falls throughout South *African mining* markets. Pressure on the Rand gradually built up during the day with sentiment additionally depressed by news that America's General Motors has decided to stop selling vehicles to the South African police and armed forces. Initial scattered selling of Golds and other South African issues gathered momentum throughout the session and the emergence, during the late afternoon, of persistent US offerings left most stocks at or around the day's lowest levels. **Vaal Reefs** were particularly weak and retreated to close £3 down at £37, while **Southvaal** lost £1 to £17⅞ and **OFSIL** ½ to £14¼. **Randfontein** dipped £1½ to £45¼ amid vague rumours of an imminent rights issue. The Gold Mines index fell 5.5 to 232.1.

The easier trend in UK equities left **Rio Tinto-Zinc** 5 cheaper at 648p while the sharp *falls in Golds unsettled* **Consolidated Gold Fields** which dipped a like amount to 445p. **Hampton Areas** held at 140p following the board's rejection of the Metals Ex. bid as "wholly unacceptable."

Good gains in overnight Sydney and Melbourne markets helped Australians extend last Friday's firm performance. **North Broken Hill** moved up 6 to 89p, as did **Peko-Wallsend**, 226p and **CRA**, 294p.

Traded Options

Dealers continued to report lacklustre business in Traded Options. Total contracts transacted amounted to 15,184—10,243 calls and 4,941 puts.

FINANCIAL TIMES STOCK INDICES

	May 27	May 23	May 22	May 21	May 20	May 19	year ago
Government Secs	92.45	92.36	93.15	92.34	91.73	91.68	80.87
Fixed Interest	97.36	97.26	97.19	97.03	96.82	96.82	85.84
Ordinary ♥	1324.8	1331.4	1316.3	1313.5	1305.0	1294.3	1006.5
Gold Mines	232.1	237.6	228.3	228.0	228.6	241.9	455.4
Ord. Div. Yield	4.16	4.14	4.18	4.19	4.21	4.24	4.59
Earnings, Yld. % (full)	10.54	10.28	10.37	10.40	10.44	10.53	11.54
P/E Ratio (net) (*)	11.83	11.89	11.79	11.76	11.71	11.61	10.57
Total bargains (Est.)	16,887	25,023	26,527	26,375	25,467	26,027	25,833
Equity turnover £m.	—	543.87	480.98	449.19	396.53	365.85	348.70
Equity bargains	—	25,781	21,097	21,790	21,452	22,864	18,533
Shares traded (m)	—	244.1	304.7	203.5	187.6	178.3	154.0

♥ Opening 1326.7. 10 am 1325.6. 11 am 1322.4. Noon 1321.4. 1 pm 1321.9. 2 pm 1321.7. 3 pm 1322.3. 4 pm 1323.3. Day's High 1327.7. Day's Low 1320.7. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. * Nil=11.42.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.61 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1426.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	228.0 (21/5)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	May 23	May 22
Daily		
Gilt Edged Bargains	135.9	167.2
Equities Bargains	154.1	136.7
Value	1099.3	972.2
5 day Average		
Gilt Edged Bargains	164.6	163.7
Equities Bargains	143.8	144.0
Value	904.1	882.7

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (88)

BRITISH FUNDS (5) Exch. 2½pc 1987, Treas. 3pc 1987, Transport 3pc 1978-88, Treas. 3pc 1989, Treas. 3pc 1990, Conversion 10pc 1996. CORPORATION LOANS (1) LCC 5½pc 1985-87. AMERICANS (7) American Cyanamid, Brunswick Corp., Dun and Bradstreet, Fairmont Financial, Morgan (J. P.), NYMEX, Woolworth. CANADIANS (1) Hawker Siddeley Canada. BANKS (1) Chancery Securities. BUILDINGS (1) *Federated* Housing. CHEMICALS (2) Soacure Automotive, Thurgar Bardex. STORES (5) Dunhill, Limited Inc., Stirling Group, T. and S. Stores, Top Value Inds. ELECTRICALS (4) Alphameric, *CML Microsystems, First Security*, Telephone Rentals. ENGINEERING (3) Bromsgrove Inds., Deritend, Ransomes Sims. FOODS (3) Dart and Kraft, Freshbake Foods, Safeway. INDUSTRIALS (18) AIM, Amber Indl., Anglo African Finance, Banlox, Bridgend, B.H. Prop., Bullers, Ecobric, Hanson Trust 8pc Cnv. Ln. 2004-09, Do. 10pcCnv.Ln. 2007-12, Manchester Ship Canal, Nu-Swift, PCT Group, PSM Intl., Peek Hldgs., Pritchard Services, "The Times" Veneer, Westwood Dawes. LEISURE (2) Central TV NV, Nationwide Leisure. MOTORS (1) Caffyns. PAPER (4) Abbott Mead Vickers, Aspen *Comms., Ferguson Indl., Holmes and* Marchant. PROPERTY (6) Gable House Props. 10¼pcCnv. 1995-99, Laing Properties, Land Investors, Raglan Prop., Scottish Metropolitan, Town Centre. *SHIPPING (2) Jacobs (J. I.), Lon. and* Overseas Freighters. SHOES (1) Headlam Sims. TEXTILES (3) Stoddard A., Sumner (F.), Youghal. TRUSTS (11) Ensign Trust, Do. B, Fleming Japanese, General Funds Conv., *Martin Currie* Pacific, Scottish Inv., Stockholders Far East, Winterbottom Energy, *Barrie Inv.* and Fin., Berkeley Tech., Ferguson (J.). OILS (1) Chevron Corp. OVERSEAS TRADERS (2) Polly Peck Intnl., Do. 9pc *Cnv.Ln. 2003-08.* PLANTATIONS (1) Grand Central. MINES (3) Central Pacific, Forsyth Oil and Gas, Pelsart Resources.

NEW LOWS (15)

BANKS (1) Mercury Intl. CHEMICALS (1) Laporte Inds. ELECTRICALS (2) IBL, Ran Data. FOODS (1) Normans Group. INDUSTRIALS (4) High-Point *Services., Intereurope Tech., Roteprint*, TSL Thermal Syndicate. LEISURE (1) Riley Leisure. TRUSTS (2) Contnl. As'ts Trust, National Home Loans. OILS (2) Bula Resources, Enterprise Oil. MINES (1) Brunswick.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
785	F.P.	20/6	775	735	[illegible]	[illegible]	[illegible]
11	F.P.	—	18	13½	[illegible]	[illegible]	[illegible]
225	F.P.	13/6	242	227½	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible] ¶ Issued by tender. [illegible] ‡‡ Official London listing.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22
June 23	July 4	Sept 25	Oct 6

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Thurgar Bardex, Prestwich Amstrad, Egerton, Pentland Industries, Country and New Town, Equity and Law, Johnson and Firth Brown, Sound Diffusion, Yorkshire Chemicals, South African Land, C.H. Industrials, Boots, Lookers and King and Sharson. No puts were reported, but a [illegible] transacted in Chartered [illegible].

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	57	6	55
Corpns. Dom. and Foreign Bonds	31	8	32
Industrials	252	310	936
Financial and Props.	99	90	387
Oils	18	22	80
Plantations	1	1	13
Mines	27	49	104
Others	81	55	85
Totals	566	541	1,692

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues May 27 1986 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Fri May 23 Index No.	Thur May 22 Index No.	Wed May 21 Index No.	Year ago (approx.) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues May 27	Day's change %	Fri May 23	xd adj. today	xd adj. 1986 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Tues May 27	Fri May 23	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Beecham	393	−12
BH Proprietary	393	− 4
Commercial Union	312	− 2
Courtaulds	280	− 4
General Accident	824	+ 1
Glaxo	980	− 3
GRE	842	− 3
Hanson Trust	184	+ 6
Jaguar	473	+ 8
Ratners	153	− 7
Royal Insurance	907	− 5
Telephone Rentals	247	+ 2

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Arlington Secs.	23	168	—
Beecham	15	405	+10
Brit. Telecom	15	240	+10
Sunleigh Elect.	15	38½	+ 6½
Assc. Br. Ports	14	618	+28
Grand Met.	13	415	+10
ICI	13	901	+ 9
Ratcliffe (F. S.)	13	320	+ 5
BP	12	582	+ 7
Shell Trans.	12	807	+10
Tele. Rentals	12	245	+ 5
Cable & Wire.	11	640	+ 6

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 37,604

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*320)	300	35	53	68	7	15	18
	330	17	35	48	23	32	40
B.P. (*580)	500	90	98	108	3	8	14
	550	45	63	70	10	23	32
	600	15	30	38	35	45	52
Cons. Gold (*449)	420	47	62	70	9	15	25
	460	21	45	54	33	42	48
	500	10	25	32	62	67	72
Courtaulds (*280)	240	43	56	—	3	6	—
	260	30	43	55	7	10	19
	280	20	32	37	14	15	27
	300	10	18	—	28	36	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
P. & O. (*530)	460	70	85	100	1	3	7
	500	30	50	65	2	15	30
	550	1	25	37	25	37	47
	600	0½	10	18	75	77	83
Racal (*210)	160	54	62	—	0½	3	—
	180	34	46	58	0½	6	8
	200	15	32	40	0½	11	14
	220	1	17	26	10	22	25
[illegible]		122	145	1	6	9
		77	100	3	15	23
		50	72	7	35	47
		33	54	55	67	70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

May 27. Total contracts 15,184. Calls 10,243. Puts 4,941. *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLAND

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Prices at 2.30pm May 27

Total Sales 2,360 796 shares

F—No voting rights or restricted voting rights

MONTREAL

Closing prices May 26

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 49

Indices

NEW YORK-DOW JONES

	May 27	May 23	May 22	May 21	May 20	May 19	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	1,838.65*	1,823.29	1,806.30	1,775.17	1,783.98	1,758.18	1855.9 (21/4/86)	1502.29 (22/1/86)	1855.90 (21/4/86)	41.22 (2/7/32)
Transport	804.22*	797.96	795.02	780.30	785.45	771.10	830.84 (31/3/86)	686.97 (8/1/86)	830.84 (31/3/86)	12.32 (8/7/32)
Utilities	184.97*	184.35	183.68	181.15	182.08	181.72	193.73 (31/3/86)	169.47 (22/1/86)	193.73 (31/3/86)	10.5 (28/4/42)
Trading vol	-	-	145m	117m	113m	86m	—	—	—	—

	May 9	May 2	April 25	Year Ago (Approx)
Ind Div Yield %	3.63	3.67	3.55	4.81

STANDARD AND POORS

	May 27	May 23	May 22	May 21	May 20	May 19	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	n/a	268.45	268.21	263.22	263.89	268.66	271.68 (21/4)	224.88 (22/1)	271.68 (21/4/86)	3.62 (30/6/32)
Composite	242.36*	241.35	240.12	236.45	236.11	233.20	244.74 (21/4)	203.49 (22/1)	244.74 (21/4/86)	4.40 (1/6/32)

	May 14	May 7	April 30	Year Ago (Approx)
Ind div yield %	3.83	3.85	3.06	3.84
Ind. P/E Ratio	17.38	17.25	16.83	11.37
Long Gov Bond Yield	7.42	7.5	7.54	10.98

N.Y.S.E. ALL COMMON

May 27	May 23	May 22	May 21	1986 High	1986 Low
n/a	138.88	138.17	135.75	141.27 (21/5/86)	117.75 (22/1)

RISES AND FALLS

	May 21	May 20	May 19
Issues traded	2,006	1,966	1,970
Rises	775	974	695
Falls	774	575	783
Unchanged	457	417	492

NYSE-Consolidated 1500 Actives

Advances 939 Declines 597

TORONTO

	May 27	May 23	May 22	May 21	1986 High	1986 Low
Metals & Minls	2,068.7*	2,036.1	2,042.1	2,025.3	2,442.85 (21/3/86)	2,025.3 (21/5/86)
Composite	3,058.2*	3,049.7	3,038.9	3,027.5	3,129.11 (18/4/86)	2,754.9 (17/2)
MONTREAL Portfolio	1,556.23*	1,551.8	1,544.00	1,531.65	1,623.33 (16/4/86)	1,386.6 (22/1)

* Indicates pre-close figure

	May 27	May 26	May 25	May 22	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1200.9	1204.6	1191.5	1174.6	1247.0 (7/5)	1010.8 (2/1)
Metals & Minls. (1/1/80)	500.0	504.0	494.1	494.1	582.0 (24/3)	481.1 (20/5)
AUSTRIA						
Credit BK Aktien (2/1/62)	121.97	121.80	122.32	122.33	130.69 (23/4)	110.12 (5/8)
BELGIAN						
Brussels SE (1/1/80)	3665.78	3681.28	3699.67	3681.26	3708.18 (24/4)	2786.91 (15/1)
DENMARK						
Copenhagen SE (3/1/85)	(u)	231.29	231.51	(u)	250.70 (18/4)	214.37 (21/1)
FRANCE						
CAC General (31/12/82)	356.0	(u)	385.80	391.4	411.3 (15/5)	267.8 (2/1)
Ind Tendance (31/12/85)	132.7	130.4	142.1	146.4	154.5 (12/5)	101.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	644.74	658.75	659.62	659.02	753.88 (17/4)	618.54 (27/2)
Commerzbank (1/12/53)	1949.0	1989.5	2001.1	1991.6	2278.9 (17/4)	1865.5 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1816.80	1811.87	1815.92	1820.98	1865.65 (7/5)	1559.94 (19/5)
ITALY						
Banca Comm Ital. (1972)	649.06	667.54	696.56	695.55	906.20 (20/6)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	16467.3	16409.5	16204.98	15917.5	16467.3 (27/5)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1285.85	1278.90	1267.18	1255.27	1285.85 (27/5)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	286.4	287.9	289.7	288.8	289.7 (28/5)	240.4 (3/3)
ANP.CBS Indust (1970)	274.8	275.7	277.2	277.8	277.8 (22/5)	254.0 (5/3)
NORWAY						
Oslo SE (4/1/83)	338.35	341.88	341.32	337.06	402.91 (16/1)	332.25 (20/5)
SINGAPORE						
Straits Times (30/12/66)	628.45	618.66	(c)	601.90	644.89 (8/1)	563.54 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	—	1166.4	1147.8	1307.8 (27/1)	1109.1 (21/4)
JSE Indust (28/9/78)	—	—	1156.7	1138.5	1208.1 (20/3)	1009.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	170.86	172.73	172.98	176.10	194.77 (12/5)	100.65 (6/1)
SWEDEN						
Jacobson & P (31/12/56)	2306.87	2315.24	2307.64	2298.34	2372.95 (22/4)	1729.57 (28/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	567.9	569.8	569.7	561.7	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	516.1	515.0	514.2	322.2 (21/4)	249.8 (28/1)

**Saturday May 24: Japan Nikkei 16,397.3, TSE 1,277.63.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Montreal Portfolio 4/1/83. Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Assua. Brit. Foods	334	+ 8
Bromsgrove Inds.	106	+ 6
Cooper (Fred.)	115	+ 7
Dunhill	503	+40
Extel	377	+12
Ferguson (J.)	44	+4½
Hanson Trust	184	6
Lon. & Edin.	685	+20
Mountview Est	585	+20
Pifco A	150	+13
Prestwich	126	+ 8
Samuel Prop.	247	+ 7
Taylor Woodrow	628	+16
"The Times" Ven.	32	+ 5
Thorn EMI	457	+ 8
Top Value Inds.	78	+ 8

FALLS

Beecham	393	−12
British Tel.	236	− 4
Grand Met.	403	−12
Longton Ind.	200	− 8
Ratcliffe (F.S.)	285	−20
Ratners	153	− 7

NEW YORK PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 49

Prices at 3pm, May 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 49

NYSE COMPOSITE PRICES

Continued from Page 48

12 Month High	Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
34	26½	Ogden 1.80		5.5		[illegible]	[illegible]	[illegible]	[illegible]	−1
20¾	14⅛	OhioEd 1.92				[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	Olin 1.50		3.4		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	5½	Omnicre			38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	ONEOK 2.56				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11½	6¼	Orange				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15	9	OrionP				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	OwenC 1.40		2.8	12	1193	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	OwenIll 1.80		2.6	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18¾	11⅛	Oxford .46		2.7	24	60	[illegible]	[illegible]	[illegible]	[illegible]
41	30¾	PHH 1		2.9	14	115	35	[illegible]	35	[illegible]
[illegible]	[illegible]	PPG 1.92		3.0	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34½	20¾	PSA .60		2.1	13	141	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 47

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 27

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 47

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Firm dollar shows way to heights

FIRMNESS in the dollar and in federal bond prices kept Wall Street moving ahead yesterday, *writes Terry Byland in New York.*

Turnover was moderate, but by mid-session major market indices were within 1 percentage point of their current peaks, and the American Stock Exchange index had edged to a record high.

Interest focused on blue chips, which were led forward by a good recovery in IBM. Burroughs confirmed expectations by sweetening its offer for Sperry.

At 3pm the Dow Jones industrial average was up 15.36 at 1,838.65.

Optimism over interest rates continued to provide the impetus for the upswing in stocks. Yields on long-dated federal bonds fell to around 7.40 per cent returning to levels last seen a month ago. Helping sentiment on inflation prospects, crude oil futures remained weak in New York.

Analysts suggest that sluggishness in the economy will maintain downward pressure on interest rates as well as making it easier for the Federal Reserve to cut its discount rate again. The recovery in the dollar implies continued support from foreign buyers for the US bond market.

However, early gains in equities topped off at noon, when turnover began to flag. Despite the dollar's firmness, some of the strongest gains came in pharmaceutical stocks, which are heavily export-oriented. Merck, a Dow constituent, jumped $2¼ to $96¾ while Bristol-Myers at $80¾ gained $1⅛ and Pfizer at $62¼ added $1¼.

Also strong were paper industry stocks, after two major broking firms forecast that the much-battered paper market would stage a substantial recovery this year. International Paper, the world leader, was recommended by both analysts and gained $2⅞ to $59½.

Other leading paper industry issues to move up included Mead, $¼ at $49, and Kimberly Clark, up $1½ at $4. Upjohn, still responding to prospects for its anti-baldness drug, soared by a further $3⅝ to $97¾, but IBM disappointed the market again, settling with a $¼ gain at $144⅝ after failing to hold its best level. Digital Equipment fell $⅛ to $87½ and Honeywell $¼ to $76¾.

Sperry, suspended briefly when Burroughs increased its bid to $76.50 a share - but on a different mix of cash and paper – returned to trade at $74¼, up $1⅛ in brisk turnover. Burroughs eased $⅛ to $59¾ as the arbitrageurs waited for the Sperry board to express an opinion on the new offer.

Helped by the latest car sales statistics, General Motors edged up $¼ to $77½, Ford $½ to $78½ and Chrysler $⅛ to $37⅞.

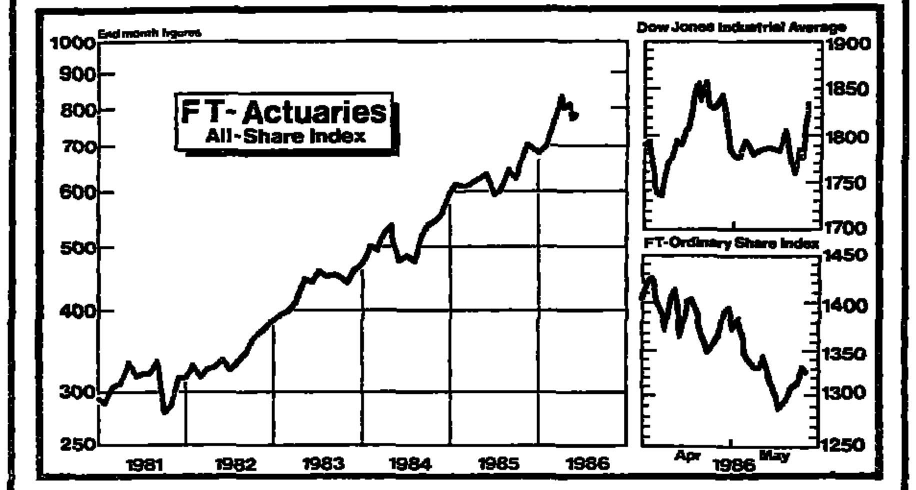
Steel industry stocks held steady, Bethlehem Steel improving $½ to $49 as union leaders appeared to respond favourably to plans to trim wage costs.

Defence and aerospace issues moved up although General Electric eased $⅛ to $78¾. Scattered gains across the broad range of industrials took Minnesota Mining up $¾ to $103¾.

Among the financial issues, renewed speculative buying took American Express up by $1 to $61. As short-term rates edged lower, stocks in the money centre banks improved, Citicorp adding $¾ to $47¼ and Bankers Trust $½ to $49. Corestates Financial fell $1¼ to $41⅞ after bidding for First Jersey National, up $1⅛ at $52⅞. The bid, worth $439m, must wait for the necessary changes in the state laws concerned.

Gains in the bond market were trimmed at midsession as support waned in a sluggish market. Treasury-bill rates eased by a few basis points as the Fed again helped liquidity, this time with $1.5bn in customer repurchase arrangements when federal funds stood at 6⅞ per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 27	Previous	Year ago
NEW YORK			
DJ Industrials	1,838.65*	1,823.29	n/a
DJ Transport	804.22*	797.96	627.55
DJ Utilities	184.97*	184.35	161.98
S&P Composite	242.36*	241.35	188.29
LONDON			
FT Ord	1,324.8	1,331.4	1,006.5
FT-SE 100	1,612.1	1,598.8	–
FT-A All-share	791.82	786.71	635.76
FT-A 500	873.40	866.66	–
FT Gold mines	232.1	237.6	–
FT-A Long gilt	*9.10*	*9.13*	*10.77*
TOKYO			
Nikkei	16,467.35	16,409.5	12,642.7
Tokyo SE	1,283.80	1,278.9	989.63
AUSTRALIA			
All Ord.	1,200.9	1,204.6	878.7
Metals & Mins.	*500.0*	*504.0*	551.3
AUSTRIA			
Credit Aktien	121.87	121.80	97.27
BELGIUM			
Belgian SE	3,665.76	3,681.26	2,335.86
CANADA			
Toronto			
Metals & Mins	2,058.7*	2,036.1	—
Composite	3,058.2*	3,049.7	—
Montreal			
Portfolio	1,556.23*	1,551.8	—
DENMARK			
SE	n/a	231.29	192.20
FRANCE			
CAC Gen	356.00	–	228.8
Ind. Tendance	132.70	130.4	82.65
WEST GERMANY			
FAZ-Aktien	644.74	656.73	445.63
Commerzbank	1,949.00	1,998.3	1,304.2
HONG KONG			
Hang Seng	1,816.30	1,811.87	1,557.78
ITALY			
Banca Comm.	849.06	857.54	310.30
NETHERLANDS			
ANP-CBS Gen	286.40	287.9	210.7
ANP-CBS Ind	274.80	275.7	171.0
NORWAY			
Oslo SE	339.35	341.88	336.28
SINGAPORE			
Straits Times	628.43	616.86	815.20
SOUTH AFRICA			
JSE Golds	–	1,166.4	1,042.5
JSE Industrials	–	1,156.7	969.8
SPAIN			
Madrid SE	170.86	172.73	81.47
SWEDEN			
J & P	2,306.87	2,313.24	1,364.61
SWITZERLAND			
Swiss Bank Ind	567.90	569.8	432.5
WORLD	May 26	Prev	Year ago
MS Capital Int'l	315.1	*315.0*	*210.7*

COMMODITIES

(London)	May 27	Prev
Silver (spot fixing)	341.15p	335.15p
Copper (cash)	£941.75	£931.50
Coffee (May)	£1,927.50	£2,028.00
Oil (Brent blend)	$14.05	$14.45

GOLD (per ounce)

	May 27	Prev
London	$342.45	$342.25
Zürich	n/a	n/a
Paris (fixing)	$342.68	$345.66
Luxembourg	$341.7	$342
New York (June)	$341.9*	$342.4

CURRENCIES

(London)	US DOLLAR May 27	US DOLLAR Previous	STERLING May 27	STERLING Previous
$	–	–	1.505	1.496
DM	2.735	2.275	3.425	3.405
Yen	169.25	169.65	255.00	253.75
FFr	7.24	7.2425	10.905	10.835
SFr	1.881	1.885	2.8325	2.82
Guilder	2.5575	2.5555	3.8525	3.8125
Lira	1,560	1,556	2,349.5	2,333.75
BFr	46.45	46.4	69.95	69.40
C$	1.3745	1.3675	2.0645	2.04475

INTEREST RATES

	May 27*	Prev
Euro-currencies (3-month offered rate)		
£	10	10¼
SFr	4⅝	4¹¹⁄₁₆
DM	4¾	4⅝
FFr	7⁷⁄₁₆	7¼
FT London Interbank fixing (offered rate)		
3-month US$	7	7¹⁄₁₆
6-month US$	7¹⁄₁₆	7⅛
US Fed Funds	6⅞*	6¹³⁄₁₆
US 3-month CDs	6.6*	6.65
US 3-month T-bills	6.16*	6.18

US BONDS

Treasury

		May 27* Price	May 27* Yield	Prev Price	Prev Yield
7⅛	1988	99³¹⁄₃₂	7.14	99²⁷⁄₃₂	7.21
7⅞	1993	98⁶⁄₃₂	7.73	97¹⁴⁄₃₂	7.857
7⅜	1996	97¹²⁄₃₂	7.75	96¹³⁄₃₂	7.893
7¼	2016	98	7.41	96²⁹⁄₃₂	7.51

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (May 22*)	Day's change	Yield	Day's change
1–30	149.64	+0.97	7.74	–0.10
1–10	142.50	+0.61	7.60	–0.10
1– 3	134.78	+0.33	7.28	–0.80
3– 5	144.15	+0.61	7.83	–0.10
15–30	175.35	+2.23	8.21	–0.12

Source: Merrill Lynch

Corporate	May 27 Price	May 27 Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	90	6.72	89.54	6.85
SCBT South Central				
10⅞ Jan 1993	106	8.04	105⅞	8.19
Phibro-Sal				
8 April 1996	96.36	8.55	96	8.60
TRW				
8¾ March 1996	101.61	8.50	100.98	8.55
Arco				
9⅜ March 2016	104	9.37	104¼	9.44
General Motors				
8½ April 2016	93	8.79	92½	8.84
Citicorp				
9⅝ March 2016	*98*	*9.55*	*97½*	*9.62*

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	97–18	97–25	97–10	96–28
US Treasury Bills (IMM)				
$1m points of 100%				
June	93.89	93.94	93.88	93.88
Certificates of Deposit (IMM)				
$1m points of 100%				
June	n/a	93.44	93.39	93.31
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	93.06	93.08	93.03	93.01
20-year Notional Gilt				
£50,000 32nds of 100%				
June	125–06	125–24	125–05	125–12

* *Latest available figures*

TOKYO
Fresh peak underpinned by builders

CONSTRUCTION and other domestic oriented stocks were favoured in Tokyo yesterday, and the Nikkei stock average scaled a peak for the fourth consecutive session, *writes Shigeo Nishiwaki of Jiji Press.*

The index added 57.86 points to 16,467.35. Trading volume swelled from 497m on Monday to 659m shares. But declines outnumbered advances by 426 to 415, with 146 issues unchanged.

Constructions and other stocks related to the fiscal investment and loan programme drew popularity after news that the Government and the ruling Liberal-Democratic Party plan to compile a Y3,000bn ($17.6bn) supplementary budget to reflate the economy before a "double election" of both chambers of the Diet (Parliament) planned for July 6.

Properties became popular in the afternoon. Kawasaki Kisen, the most active with 30.83m shares traded, jumped Y26 to Y222. Contractors, meanwhile, accounted for four of the 10 most active stocks. Kajima Corp was the second busiest stock with 18.54m shares traded and soared Y57 to a record Y880. Taisei Corp gained Y25 to Y520, Penta-Ocean Construction Y26 to Y639, Toa Harbor Works Y17 to Y500, Daiwa House Y50 to Y1,500 and Hazama-Gumi Y36 to Y478.

The Nikkei stock average retreated when buying of construction halted towards the morning close. But it more than regained the lost ground in the afternoon on renewed buying of constructions and properties by a major securities company's financial institution division and investment trusts.

Mitsubishi Estate, fourth busiest with 15.68m shares, climbed Y100 to Y2,020, Mitsui Real Estate Y80 to Y1,740 and Nippon Express Y33 to Y838. Major properties, warehouses and other hidden-asset issues had remained out of favour after leading the market last March.

Some market participants expect institutional investors to issue large buy orders for these domestic demand-linked stocks again in June.

Biotechnology-related stocks were also in the limelight. Kuraray was active and advanced Y30 to a record Y1,940, Nippon Kayalu Y40 to a record Y1,140 and Meiji Seika Kaisha Y43 to Y843. Conversely, Kyowa Hakko, a main gainer on Monday, shed Y80 to Y1,730

Responding to results were Dainippon Ink and Chemicals, which was Y2 higher at Y435 after a 1 per cent gain in pre-tax profits for the year, and Fujitsu, Y5 cheaper at Y979, as earnings plunged 68 per cent because of the high yen. Fanuc, the robot maker 42 per cent owned by Fujitsu, dipped Y10 to Y6,850 as its president announced a move on costs.

Tokyo Electric power firmed Y90 to Y3,930 on strong earnings for 1985, and Toyko Gas was unchanged at Y400 despite higher profits while Sharp slipped Y17 to Y981 on a 2.6 per cent growth in unconsolidated net earnings for last year.

Bonds were sold in early trading, reflecting concern over a possible increase in construction bond issuance for the large-scale supplementary budget. Another unfavourable factor was a rumour that the Ministry of Finance may issue more than Y1,000bn of government bonds in June.

Bond prices later rebounded slightly after news that the issue amount of June bonds would be limited to around Y900bn. The yield on the bellwether 6.2 per cent government bond due in July 1995 increased from 4.835 to 4.855 per cent. The yield on the 5.1 per cent government bond maturing in March 1996 surged from 4.895 to 5.015 per cent.

EUROPE
Institutions compete with foreigners

INSTITUTIONAL demand competed with occasional forays by foreign buyers in mixed European trading yesterday. Most investors, however, had their eyes firmly fixed on France to see what scale of technical recovery could be achieved.

Paris staged only a partial recovery with most of the market's strength displayed in the morning session. The afternoon session was extended by one hour to cope with extra, overseas inspired, demand.

Trading remained active but below the FFr 1.92bn level of Monday as foreign investors and domestic institutions started a bargain-hunting spree.

Banks, which had suffered broad losses on Monday, regained their composure, with Cie Bancaire FFr 49 higher at FFr 1,159, while Finextel surged FFr 44.20 to FFr 302.

Radiotechnique was one of the best performers with its FFr 80 jump to FFr 820 while Peugeot, very unsettled on Monday, recouped FFr 53 to FFr 925 amid redundancies among its white-collar staff and Agence Havas rose 5.9 per cent to FFr 1,600.

Shares that were suspended in the previous session due to large order imbalances suffered brisk markdowns. Dumez tumbled FFr 230 to FFr 1,290 while Au Printemps declined FFr 88 to FFr 583.

Stockholm was firm as heavy institutional buying of Volvo boosted the broad market.

The car maker firmed a further SKr 3 to SKr 418 ahead of news that an official lock-out of 180,000 metalworkers would begin on June 4.

Fermenta was suspended at SKr 171 pending an announcement tomorrow.

Swedish Match suffered one of the largest falls of the day with its SKr 10 setback to SKr 330 while Aga lost SKr 5 to SKr 184. Cellulosa jumped SKr 7 to SKr 242.

Frankfurt suffered a sharp decline exacerbated by thin trading as the absence of US investors on Monday continued to weigh on the market. The Commerzbank index *fell 40.3 to 1,949.0.*

Isolated gains such as Hoechst, up DM 2 to DM 279.50 ex-rights did little to buoy sentiment. Linde's DM 1 advance to DM 709 was attributed to the engineer's higher turnover, profit and orders for the start of the year. MAN took one of the largest falls with its DM 14.50 dip to DM 180 while Mannesmann gave up DM 9.20 to DM 210.30.

Preussag in metals was DM 6.50 cheaper at DM 198 after reporting a loss for 1985. Degussa finished DM 1 down at DM 457 on consideration of its lower six-month sales.

The bond market featured strong foreign interest in the new 30-year federal government loan stock leaving overnight prices buoyant and unchanged. Domestic investors remained cautious ahead of the re-opening of the US market. The Bundesbank sold DM 43m worth of paper compared with Monday's DM 41.8m sale.

Brussels was hesitant as investors became concerned at growing labour unrest over the Government's austerity *measures.*

Market bellwether Petrofina, however, moved against the trend with its BFr 40 advance to BFr 8,040. Société Générale de Belgique produced one of the sharper falls of the session with its BFr 55 decline to BFr 3,000 while ACEC retreated BFr 46 to BFr 1,328.

Milan was not inspired by the 1 percentage point cut in discount and prime rates initiated on Monday, and the broad market turned lower in quiet trading.

Bastogi moved against the trend with its L15 gain to L875 while leading industrials eased, with Fiat down L351 to L15,000 and Montedison L83 to L3,751.

Settlement day trading featured in a mixed to lower **Zurich**. Retailer Globus added SFr 100 to SFr 7,250 after a strong buy recommendation from a London analyst and record earnings for last year.

Oslo was unsettled ahead of Friday's expected stock exchange tax proposals.

Amsterdam drifted lower in quiet trading although some domestic consumer stocks posted gains.

Madrid was mixed, with utilities showing the largest losses.

AUSTRALIA

CONTINUED ACTIVE trading in takeover target BHP was not widely reflected in Sydney where activity was lacklustre and shares closed slightly easier. The All Ordinaries share index closed 3.3 down at 1,200.9.

Bell Resources, whose partial bid for BHP expired yesterday, lost 5 cents to A$4.10. New Bell shares also lost 5 cents to A$3.85, but the Bell Group gained 6 cents to A$8.56. BHP, which fell to A$8.40 in the first hour, closed unchanged at A$8.60.

SINGAPORE

PRICES CONTINUED firm in Singapore and the Straits Times industrial index rose 11.57 to 628.43. In fairly active trading on a broadly firm front blue *chips along with second-line industrials* enjoyed support. Banks were also steady.

Promet topped the active with a turnover of 1.3m and added 7 cents to close at 36 cents. Sime Darby gained 3 cents to S$1.24.

HONG KONG

NEWS that Swire Properties had bought a major site for HK$1.005bn in a government land auction yesterday caused prices to end slightly firmer in Hong Kong. The Heng Seng index closed up 4.43 at 1,816.30, and the Hong Kong index rose 2.60 to 1,129.3.

Swire Pacific, parent of Swire Properties, was unchanged at HK$13, and most other property shares ended steady.

LONDON
Lacklustre return from holiday

LACKLUSTRE activity marked the resumption of London trading yesterday after the holiday weekend, and the FT Ordinary share index ended down 6.6 at 1,324.8. Some professional operators opted to extend the holiday, and interest throughout the session was low, especially in equities.

The belief that UK interest rates are unlikely to fall much below their current 10 per cent during the summer dampened enthusiasm, and leading stocks began the final phase of the three-week account at lower levels.

Wall Street's strong recovery made little impact on international issues, most of which retreated in the wake of dullness in Beecham, down 12p to 383p, and British Telecom, 4p cheaper at 186p.

Weekend newspaper recommendations produced fewer features than usual, but Hanson, up 6p to 199p, resisted this trend on speculation that the disposal of its Courage brewery was a priority among any Imperial Group asset sales.

In government securities turnover was only marginally better, but the exchange rate's improvement against the dollar persuaded some buyers.

Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45.

SOUTH AFRICA

GOLD SHARES closed lower across the board in Johannesburg, with the two attractions of the day – Randfontein and Barlow Rand – notching up turnover of *R1.6 and R1.5m, respectively. Randfontein* gained R3 to R257.

On the industrial board Barlow Rand, which reported a higher than expected improvement in earning on Monday, gained 40 cents at R18.

In diamonds De Beers rose 50 cents to R25.50.

CANADA

METALS and mines firmed in active Toronto trading while industrials, oils and utilities turned lower. Dome Petroleum, which again warned that its continued existence may depend on higher oil prices, was actively traded 9 cents lower to C$1.66.

In Montreal moderately active trading saw Power Corp up C$1¼ to C$38¼ and *Imasco up C$⅛ to C$33⅞.*